Sustainable Resource Development

Annual Report

2007-2008

Alberta

TABLE OF CONTENTS

2 Preface

3 Minister's Accountability Statement

4 Message from the Minister

7 Management's Responsibility for Reporting

8 Overview

  9 Organization Chart

  10 The Ministry of Sustainable Resource Development

  13 Vision

  13 Mission

  13 Core Businesses

  14 Program Initiatives and Significant Improvements

  20 Major Consultations

  22 Legislative and Policy Changes

  24 Key Factors that Influenced Performance in the Past Year

  25 Financial Highlights

30 Results Analysis

  31 Deputy Minister's Message

  33 Auditor General's Report on the Results of Applying Specified Auditing Procedures to Performance Measures

  34 Expense by Core Business

  36 Expense by Government Function

  37 Goals, Results and Measures by Core Business

  37 Core Business One: Lands

  48 Core Business Two: Forests

  60 Core Business Three: Fish and Wildlife

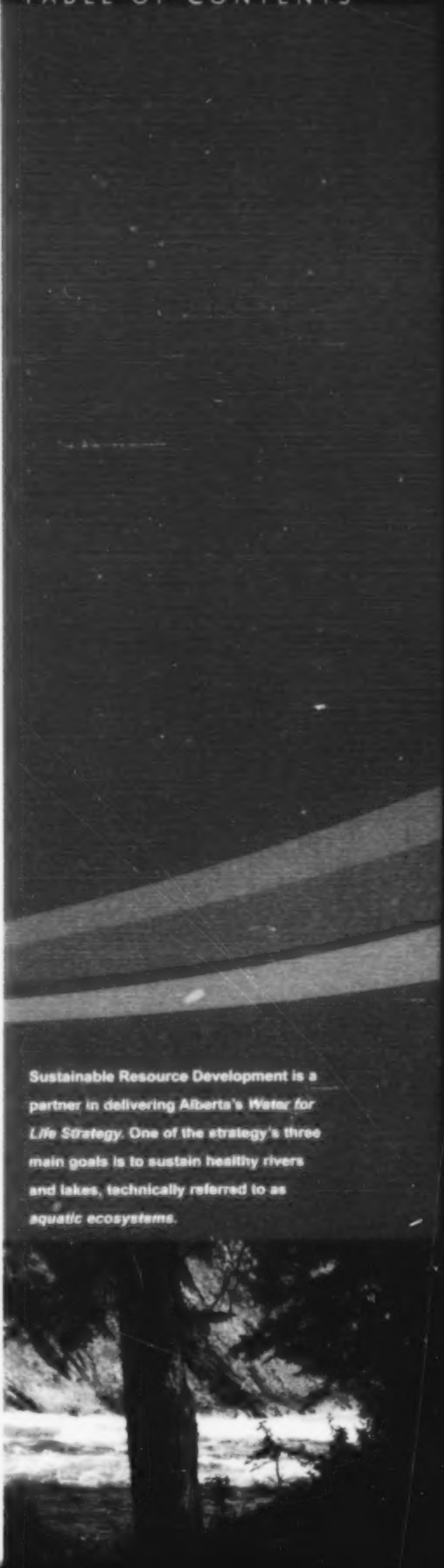
  70 Core Business Four: Quasi-judicial Land-use and Compensation Decisions

  74 Future Challenges

76 Financial Information

134 Alphabetical List of Entities' Financial Statements in Ministry 2007-08 Reports

139 Government Organization Changes 2008-09



Sustainable Resource Development is a partner in delivering Alberta's *Water for Life Strategy*. One of the strategy's three main goals is to sustain healthy rivers and lakes, technically referred to as *aquatic ecosystems*.

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 ministries. The annual report of the Government of Alberta released June 24, 2008, contains Ministers' accountability statements, the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

On March 12, 2008, the government announced new ministry structures. Since the 2007-08 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2008, to provide proper accountability for the 2007-08 fiscal year against the original business plan.

This annual report of the Ministry of Sustainable Resource Development contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

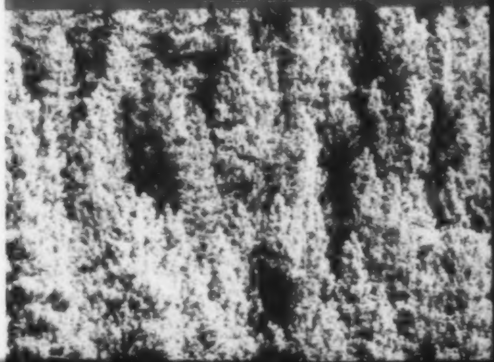
Venus' slipper is a species of orchid that occurs in coniferous forests throughout Alberta.

MINISTER'S ACCOUNTABILITY STATEMENT

The Ministry's annual report for the year ended March 31, 2008, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 2, 2008, with material economic or fiscal implications of which I am aware, have been considered in the preparation of this report.

Ted Morton
Minister of Sustainable Resource Development

Mountain pine beetle infestations threaten the viability of Alberta's forest industry and compromise other values such as watersheds, wildlife habitat, tourism, recreation and property.



MESSAGE FROM THE MINISTER

I am pleased to provide Sustainable Resource Development's annual report for 2007-08, which documents the Ministry's management of Alberta's public lands, forests and fish and wildlife resources for the enjoyment of current and future generations.

I was honoured to have been reappointed the Minister of Sustainable Resource Development in March. When I was initially appointed in December 2006, I was given three specific priorities by Premier Ed Stelmach: complete the Land-use Framework to address conflicts over competing use of land and provide a vision for an integrated and sustainable land-use approach; implement an aggressive strategy to protect the health of Alberta's forests; and develop a biodiversity strategy to conserve the biological diversity of this great province.

I am happy to report that this Ministry continued its significant progress on these priorities during the last fiscal year, and we are well positioned to take further action in the year ahead. Progress on meeting the challenge of better managing growth pressures on the land was achieved in 2007-08 by the continued development of a Draft Land-use Framework to help guide overall land-use planning and decision-making in Alberta. This was our top priority in 2007-08.

In May 2007, the Ministry held public sessions to gather the input of Albertans on the future of land-use in the province. A total of 17 sessions were held in 15 communities across the province. In addition, a workbook survey was used to gather Albertans' input on growth and resource management, planning and decision-making, conservation and stewardship, monitoring and evaluation, and vision, principles and outcomes. More than 3,000 Albertans shared their views on a variety of land-management issues and challenges.

The Government of Alberta provided $4.2 million from the Energy Innovation Fund to launch the first full operational year of the Alberta Biodiversity Monitoring Institute. This world-class biodiversity monitoring program will allow us to assess status and trends throughout Alberta. The program will support improved decision-making, balancing development with environmental priorities. The Ministry also continued work on developing a biodiversity action plan that will outline Alberta's approach to biodiversity conservation.

The Ministry continued taking strong action against the mountain pine beetle. The majority of the mountain pine beetle budget was directed to survey and control work on provincial Crown land and grants to municipalities to carry out survey and control work on their lands. The Ministry's priorities were to contain infestations and minimize the spread of beetles north and south along Alberta's Eastern Slopes and to prevent their spread further eastward in the boreal forest.

In addition to the three priorities outlined by the Premier, Sustainable Resource Development dealt with a number of other important issues. Efforts continued to manage competing recreational uses of land, including informing Albertans about the impacts of humans and vehicles on the outdoors. The

Fishing for 65 species, including 19 sportfish, is available in about 800 Alberta lakes and 300 stocked trout ponds.

Ministry created a new Forest Land-use Zone in the Willow Creek area south of Calgary to maintain recreational opportunities, increase cooperation and respect between land users, and improve public safety.

In the 2007 fire season, Sustainable Resource Development fought 1,349 wildfires, which burned 103,668 hectares of forest. In response to a record-breaking dry spell in the southwest portion of the province, the Ministry implemented a fire ban and forest closure from August 1 to September 12—the longest forest closure in Alberta's history—to prevent any large-scale wildfires from threatening Albertans and their communities.

We opened a new airtanker base at the Springbank airport, southwest of Calgary, to provide Albertans with better protection from the threat of wildfires. The Springbank airtanker base allows the Ministry to meet its operational goal of responding within 30 minutes to wildfires in areas near Canmore, Bragg Creek, Kananaskis Country, and the Bow Valley.

The Ministry created the Oil Sands Branch under the Lands Division, to focus on developing an environmental governance framework for oil sands development. The Oil Sands Branch is developing and implementing management systems and policies to address cumulative environmental effects and biodiversity in the oil sands area, and directing research and technology to reduce the environmental impacts and physical disturbance of oil sands development.

On September 22, Alberta celebrated Provincial Hunting Day, promoting hunting and hunter awareness and educating Albertans about the important role hunting plays in wildlife management and conservation. Meanwhile, efforts continued to manage chronic wasting disease (CWD) along the Saskatchewan border. Hunters submitted over 5,000 heads allowing the Ministry to concentrate its control efforts in February and March to reduce deer populations and identify any additional cases of CWD in wild deer.

Nearly 110,000 hunters enjoyed a wide range of game-hunting activities in the province in 2007-08. This is a record for the last 10 years and an increase of about 5,000 hunters compared to the previous year (including an increase of about 600 youth hunters). A record was also set for the number of draw applications in 2007-08, with more than 221,000 applications received. That represents an increase of about 8,000 compared to 2006-07.

Following a highly successful two-year pilot program, the Special Walleye Licence was approved in 2007-08 as a permanent management tool for Alberta's fisheries. The Special Walleye Licence allows limited harvesting opportunities on Wolf Lake, Pigeon Lake and Lake Newell, which could not sustain an open season for walleye.

We amended regulations under the *Surface Rights Act* to provide for the filing of agreements between two parties without having a formal hearing. This allows Albertans to negotiate their own settlements or compensation agreements and have those agreements converted into orders of the Surface Rights Board without the need for a formal hearing. The second change

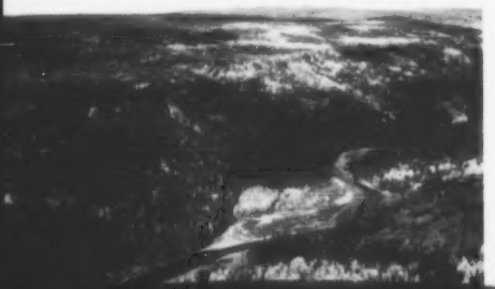
The swift fox was once extinct in Canada, however, captive-breeding and re-introduction efforts by government and non-government agencies, including Sustainable Resource Development, have been successful in re-establishing a breeding population of more than 600 animals on the prairies.

created a voluntary alternative dispute resolution process. This amendment increases the options available to Albertans for obtaining decisions under the *Surface Rights Act*. Anyone who wants to have a full hearing before the Surface Rights Board still has the right to do so. This regulatory streamlining will save time and money, make the Surface Rights Board more efficient and responsive, and help reduce the backlog of hearings.

I invite you to review the full accounting of these and other efforts to manage our public lands and resources contained in the pages of this annual report.

Honourable Ted Morton
Minister

Forestry is the third largest industry in Alberta. It contributes to the economy by providing 44,000 direct and indirect jobs and exports of $2.4 billion.



MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

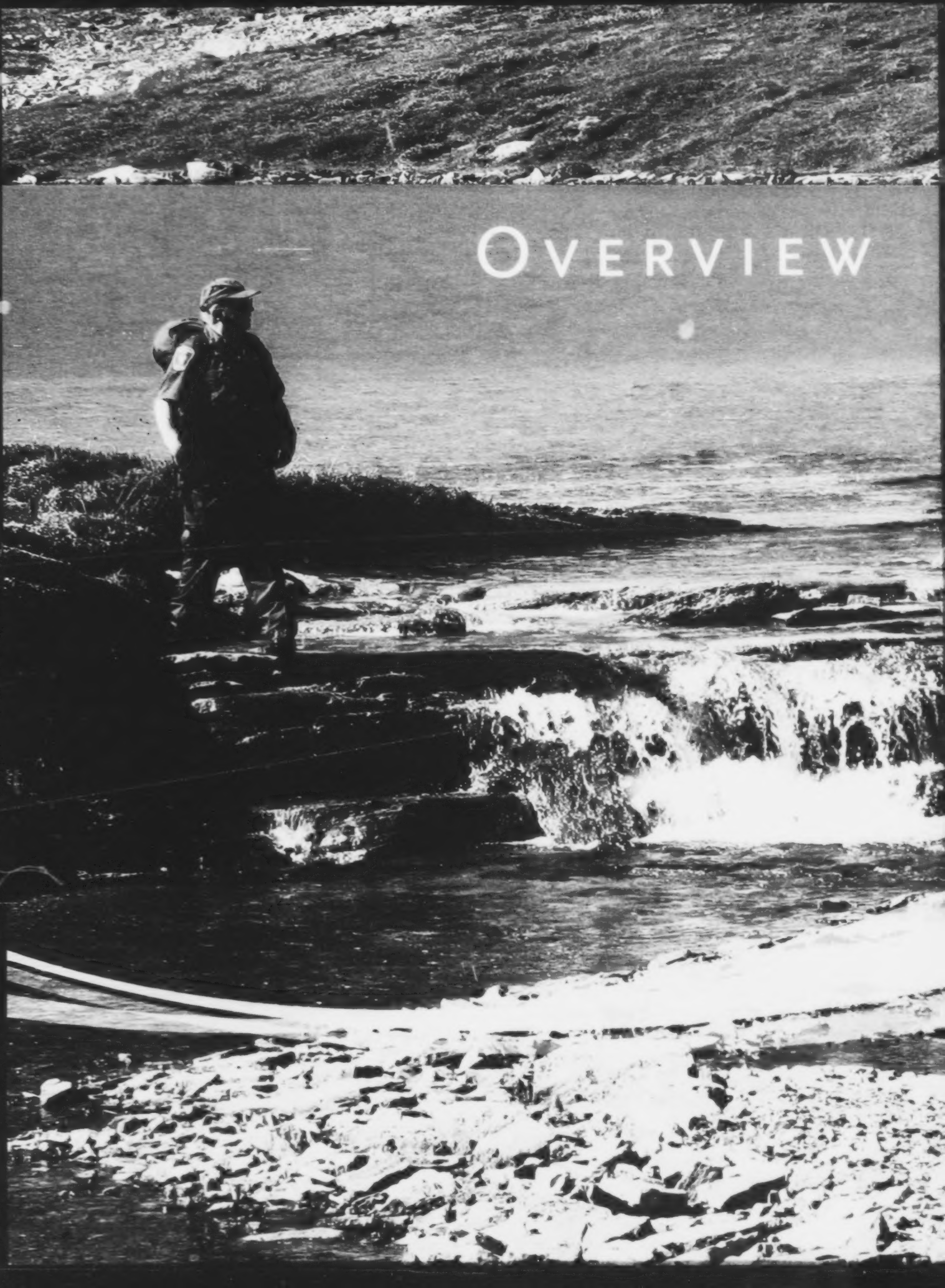
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Sustainable Resource Development any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Eric J. McGhan
Deputy Minister
September 2, 2008

Ministry crew fighting a wildfire in the Peace River area.

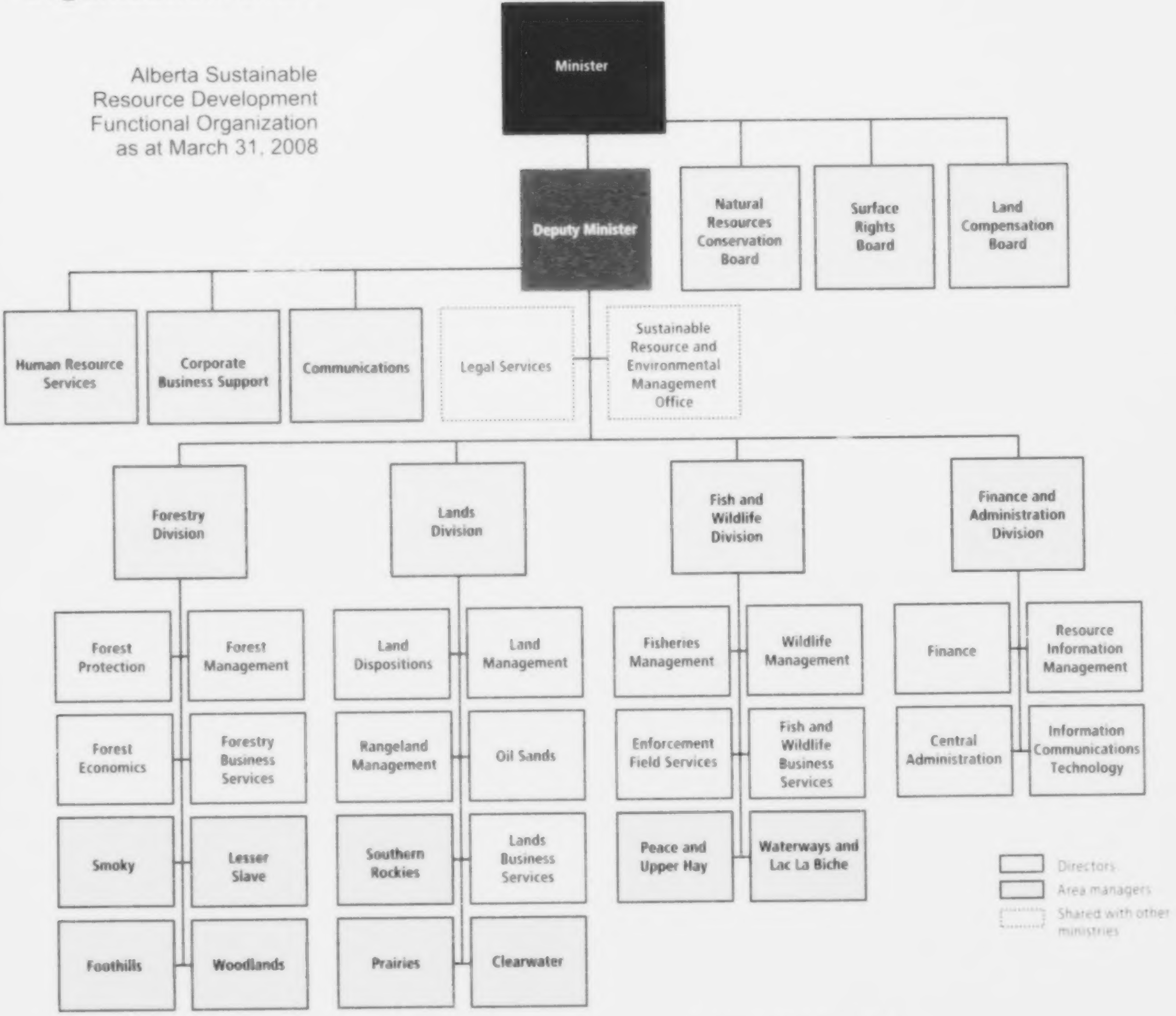
OVERVIEW



OVERVIEW

Organization Chart

Alberta Sustainable
Resource Development
Functional Organization
as at March 31, 2008



Minister
Deputy Minister
Natural Resources Conservation Board
Surface Rights Board
Land Compensation Board
Human Resource Services
Corporate Business Support
Communications
Legal Services
Sustainable Resource and Environmental Management Office
Forestry Division
Lands Division
Fish and Wildlife Division
Finance and Administration Division
Forest Protection
Forest Management
Forest Economics
Forestry Business Services
Smoky
Lesser Slave
Foothills
Woodlands
Land Dispositions
Land Management
Rangeland Management
Oil Sands
Southern Rockies
Lands Business Services
Prairies
Clearwater
Fisheries Management
Wildlife Management
Enforcement Field Services
Fish and Wildlife Business Services
Peace and Upper Hay
Waterways and Lac La Biche
Finance
Resource Information Management
Central Administration
Information Communications Technology
Directors
Area managers
Shared with other ministries

General inquiries

Phone: 780-944-0313 (Edmonton)
Toll-free: 1-877-944-0313 (Rest of Alberta)
Fax: 780-427-4407
E-mail: srd-infocent@gov.ab.ca
Website: www.srd.alberta.ca

‹ Fish and Wildlife Officer John Day on his way to assess golden trout at Michele Lakes.

The Ministry of Sustainable Resource Development

The Ministry of Sustainable Resource Development consists of the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board and the Environmental Protection and Enhancement Fund. The Ministry delegates administration for certain legislative responsibilities to three delegated administrative organizations: the Alberta Conservation Association, the Forest Resource Improvement Association of Alberta, and the Alberta Professional Outfitters Society.

The Department of Sustainable Resource Development

The Department of Sustainable Resource Development has three main operating divisions: Fish and Wildlife, Forestry, and Lands. Support for these divisions is provided by Communications, Corporate Business Support, Finance and Administration, Human Resource Services, Legal Services, and the Sustainable Resource and Environmental Management (SREM) Office.

Fish and Wildlife Division

The Fish and Wildlife Division ensures that Alberta's wild species are managed and used in a manner that optimizes the environmental, social and economic benefits Albertans receive from these resources, while ensuring they are sustained for present and future generations. It is also responsible for delivering integrated operational programs and management decisions in two regional areas: Peace/Upper Hay and Lac La Biche/Waterways. Key areas of focus include:

- managing fish and wildlife populations for domestic, recreational and commercial uses, through assessment, planning and allocation,
- managing protected species and species at risk through assessment, planning and recovery actions,
- working with land managers to manage and conserve wildlife habitat,
- ensuring a clear and effective policy and legislative framework for managing wild species,
- maintaining high levels of compliance with fish and wildlife legislation through education, prevention and enforcement programs,
- minimizing human-wildlife conflicts by providing assistance and information to landowners and the public, and
- minimizing threats from fish and wildlife diseases and invasive alien species.

Programs to manage Alberta's fish and wildlife are delivered through four branches: Wildlife Management, Fisheries Management, Enforcement-Field Services, and Fish and Wildlife Business Services.

Forestry Division

The Forestry Division manages and protects Alberta's forest resource through effective and efficient wildfire management, sustainable forest management practices, forest industry development and forest health activities. These initiatives are supported using the best science and

The great grey owl is a relatively common sight in Alberta during the winter months and among the top 10 birds to see for many bird watchers.

technology available to ensure long-term benefits for present and future generations. This division is also responsible for delivering integrated operational programs and management decisions in four regional areas: Woodlands, Foothills, Smoky, and Lesser Slave. Key areas of focus include:

- preventing, detecting and suppressing wildfire, and delivering FireSmart[1] programs,
- conducting mountain pine beetle management activities,
- ensuring forest management and health plans are in place and followed, auditing timber production and reforestation, collecting revenue, and allocating forest resources for industry use,
- managing long-term, strategic forestry initiatives such as the forest industry sustainability initiative, timber royalty program, forest product market intelligence analysis, value-added program, and forest management research,
- delivering training and safety programs offered through the Hinton Training Centre,
- ensuring effective and efficient legislation, policy and procedures, and
- delivering summer natural resource work experience and training through the Junior Forest Ranger and Aboriginal Junior Forest Ranger programs.

Programs to manage Alberta's forests are delivered through four branches: Forest Protection, Forest Management, Forest Economics, and Forestry Business Services.

Lands Division

The Lands Division manages the use of Alberta's public land to reduce land-use conflicts and balance social and ecological needs. The division is also responsible for delivering integrated operational programs and management decisions in three regional areas: Southern Rockies, Clearwater, and Prairies. Key areas of focus include:

- managing the use of all public land in the province to support diverse interests including public recreation, agriculture, commercial tourism, geophysical exploration, and aggregate (gravel) extraction, as well as oil, gas, coal, and oil sands development,
- issuing land-use dispositions (approvals to use Alberta's public land), regulating geophysical activities, maintaining disposition conditions and collecting revenue,
- allocating and managing rangeland resources and maintaining sustainable grazing on public agricultural land,
- managing, reducing and reclaiming the physical disturbances that industrial and recreational users cause on public land, and
- developing and implementing appropriate public land policies, procedures, guidelines and operational land-use plans.

Responsible camping is allowed on public lands. Respect for the land and other land uses is promoted.

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[1] *The FireSmart Program provides Albertans with information to protect themselves, their property and the forest from wildfire.*

Programs to manage Alberta's public land are delivered through five branches: Land Management, Rangeland Management, Land Dispositions, Oil Sands, and Lands Business Services.

Sustainable Resource and Environmental Management Office

This is a cross-ministry office that was established in the fall of 2005 to support the ministries of Energy, Environment, and Sustainable Resource Development. All three ministries share accountability for implementing Sustainable Resource and Environmental Management practices for the Government of Alberta. The ministries are committed to strengthening the ways they work together by integrating policy, aligning and sharing information, and streamlining regulatory processes. Specific initiatives include developing a provincial Land-use Framework, consulting with Albertans on oil sands development, integrating government activities of the upstream oil and gas process, and aligning a variety of information systems to enable better information-sharing to support decisions regarding natural resources and the environment.

Natural Resources Conservation Board

The Natural Resources Conservation Board conducts independent public reviews of major, non-energy, natural-resource projects and also regulates Alberta's confined feeding operations.

Surface Rights Board

The Surface Rights Board conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands.

Land Compensation Board

The Land Compensation Board establishes compensation when private land is expropriated by a public authority for projects in the public interest.

The Environmental Protection and Enhancement Fund

This fund is used for environmental emergencies and environmental protection or enhancement. Sustainable Resource Development contributes to the fund's revenues primarily through timber royalties and fees. The Ministry draws from the fund's Natural Resources Emergency Program to cover firefighting expenses, forest health initiatives, and intercept feeding and fencing programs.

The Ministry's Long Lake Outdoor Education Centre near Athabasca uses fun activities to foster awareness and appreciation of our natural surroundings.

Vision

Alberta's lands, forests, fish and wildlife benefit present and future Albertans.

Mission

Sustainable Resource Development encourages balanced and responsible use of Alberta's natural resources through the application of leading practices in management, science and stewardship.

Core Businesses

The Ministry of Sustainable Resource Development delivers four core businesses.

Core Business 1

Lands: The Ministry manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Core Business 2

Forests: The Ministry provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Core Business 3

Fish and Wildlife: The Ministry manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Core Business 4

Quasi-judicial Land-use and Compensation Decisions: The Ministry's three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. The **Natural Resources Conservation Board** conducts independent public reviews of major, non-energy, natural resource projects and also regulates new or expanding confined feeding operations. The **Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The **Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

Using the same corridor for linear features such as roads, pipelines and transmission lines reduces the overall physical disturbance on our land. This practice, known as integrated land management, is encouraged by the Ministry.

Program Initiatives and Significant Improvements

Land-use Framework Developed

Major progress was made on developing a Land-use Framework for Alberta in 2007-08. In May 2007, 17 province-wide public consultation sessions were held in 15 locations. Albertans provided their views on the future of land use in the province by submitting more than 3,000 workbook questionnaires to the Ministry for analysis. Between June and October, four working groups of stakeholders developed strategies and actions for the government to consider in the following four primary policy areas:

- growth and resource management,
- planning and decision-making,
- conservation and stewardship, and
- monitoring and evaluation.

Land-use
FRAMEWORK

From September to December, the Ministry sought input from First Nations and Métis community organizations. They provided their views on the future of land use in the province in conjunction with their concerns on upholding their traditional and cultural values.

Through all these consultations, Albertans told us that they want the following improvements:

- provincial leadership in land use to provide clear direction and parameters for regional, local and landowner decisions,
- better integration and coordination of provincial policies governing air, water and land,
- clearer definitions of roles and responsibilities for land-use decisions at the provincial, regional and local levels,
- improved processes to deal with conflicts between land users, including surface and subsurface rights holders,
- enhanced conservation and stewardship on both private and public lands to promote ecological sustainability,
- improved information-sharing about the condition of the land and the effects of activities on the land, and
- increased consultation with First Nations, Métis communities, stakeholders and the public to ensure fair opportunity to influence new policies and decisions.

Early in 2008, the Ministry provided a draft Land-use Framework to government for review and approval. The goal is to release the draft framework to the public for feedback in May, before final release and implementation.

Recreational opportunities need to be managed to reduce the physical disturbance and environmental impact on Alberta land.

Ministry Continues Mountain Pine Beetle Control Efforts

Mountain pine beetle (MPB) infestations continue to threaten Alberta's pine forests and the viability of the forest industry and forest-based communities. Important watersheds, wildlife habitat and the Canadian boreal forest are also at risk. Surveys completed in spring 2007 indicated that the beetle population was static or declining north of Highway 16. This was attributed to prolonged periods of cold winter weather and aggressive control of infested trees. Surveys in southwest Alberta showed a lower MPB mortality rate and a population trend that was increasing. In winter 2007-08, the Ministry continued with its ground surveys and control treatments to slow the spread of beetle infestation. The total expenses authorized for the Mountain Pine Beetle Program in 2007-08 were $85.2 million (including $8 million from the federal government). Education, increased awareness and training are important components of the MPB management plan.

The Forest Resource Improvement Association of Alberta Grant Program was amended to engage the forest industry in managing MPB infestation. The association administers this program on behalf of the Ministry. Funds were allocated toward forest company expenses for activities such as MPB survey and control, log yard management, MPB training, seed collection, and protection of tree improvement field sites and seed orchards. In 2007-08, the Ministry provided the association with $10 million to deliver this program.

The Ministry also continued to support the Mountain Pine Beetle Municipal Grant Program to help control beetles on private land. In 2007-08, $15 million was approved for 22 municipalities under this program. The largest operation funded by this program is in the Grande Prairie/Peace River area.

Alberta Biodiversity Monitoring Institute Launched

In 2007-08, the Alberta government invested $4.2 million to launch the Alberta Biodiversity Monitoring Institute. The institute was established to run a world-class program that monitors Alberta's plants and animals and the activities that impact them. This is a joint undertaking among government, industry, and academic and non-government organizations. It will provide independent and scientifically rigorous biodiversity information. During its first operational year, the Alberta Biodiversity Monitoring Institute surveyed 80 land sites, 80 wetland sites, six river reaches and six lakes. During the winter, mammal surveys were also conducted at 40 sites.

Biodiversity involves how all living things inter-relate. Alberta enjoys a wealth of biological diversity that includes more than 80,000 species—everything from fungi and mushrooms to trees and mammals, including humans. A healthy biodiversity is a key indicator of a healthy and functioning ecosystem. It is also a significant contributor to Alberta's economy and quality of life, providing harvestable trees, productive soil, beautiful scenery, and plants that have agricultural and medicinal value, many of which provide jobs and opportunities for investment.

The single-tree cut-and-burn technique is one method used to reduce the spread of mountain pine beetle infestations.

Chronic Wasting Disease Continues to Threaten Alberta Deer

During 2007-08, the Ministry conducted extensive surveillance programs for chronic wasting disease (CWD) in wild deer. The first step of the Chronic Wasting Disease Program requires hunters to submit deer heads for testing from designated areas along Alberta's eastern border. In addition, submission of deer heads from identified areas west of the border is strongly encouraged. Of the 5,170 heads submitted from the 2007-08 hunting seasons, six mule deer and one white-tailed deer tested positive for the disease. During targeted control programs in February and March 2008, Sustainable Resource Development tested another 3,406 wild deer and detected another 15 mule deer and two white-tailed deer with the disease.

Fifty-three cases of chronic wasting disease in wild deer have been detected since 2005. Of those, one was found sick, 12 were collected by hunters and 40 were collected during control programs. Chronic wasting disease affects the nervous system and causes infected animals to slowly waste away. There is no evidence the disease affects humans.

Nine New Species Listed as Endangered or Threatened

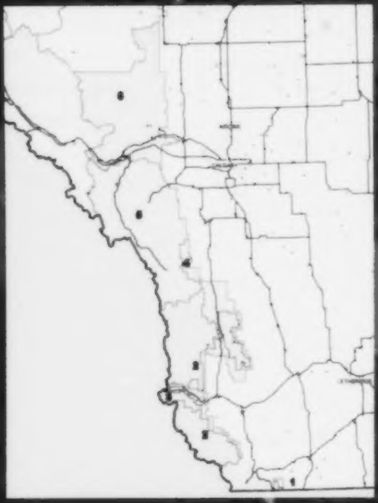
In 2007-08, the Ministry listed nine new species of fish and plants as endangered and threatened under *Alberta's Wildlife Act*. These are the first listings of fish and plant species in Alberta, and this action will lead to recovery planning and special management to maintain and recover these species. The species listed include: lake sturgeon, stonecat, St. Mary sculpin, western silvery minnow, shortjaw cisco, tiny cryptanthe, small-flowered sand verbena, soapweed, and western spiderwort. These species were listed as endangered or threatened based on recommendations from the Endangered Species Conservation Committee. This committee, which was established to advise the Minister of Sustainable Resource Development on matters relating to the identification, conservation and recovery of species at risk in Alberta, draws its membership from stakeholder groups representing resource-based land users, corporate and government land managers, conservation organizations and university scientists.

2007 Fire Season Included Alberta's Longest Forest Closure

During the 2007 fire season (April 1 to October 31), Sustainable Resource Development battled 1,349 wildfires, which burned 103,668 hectares of forest. In response to a record-breaking dry spell in the southwest portion of the province, the Ministry implemented a fire ban and forest closure that started August 1 and remained in place until September 12. This forest closure was the longest in the province's history and helped prevent large-scale wildfires from threatening Albertans and communities in southern Alberta.

To ensure the best possible safety conditions for its lookout operators, the Ministry implemented various enhancements. Upgrades were also undertaken at the Fort McMurray airtanker base and a new airtanker base was built at the Springbank airport near Calgary to provide the best possible protection from wildfire threats.

The purple section shows the area of Alberta's longest forest closure from August 1 to September 12, 2007. The pink section shows areas where fires were banned.



Minister Ted Morton opening the new Springbank Airtanker base near Calgary.

As part of the Ministry's resource-sharing agreements, more than 200 Alberta firefighters were sent to Quebec and Ontario to help battle wildfires. In addition, 32 firefighters were sent to Montana to provide assistance during a period of extreme wildfire activity. As Alberta's wildfire situation intensified, firefighters and equipment were imported from British Columbia, Ontario, Quebec and the Yukon to help our province fight wildfires.

Throughout the 2007 fire season, the Ministry promoted the toll-free emergency wildfire reporting line (310-FIRE), the albertafirebans.ca website and the 1-866-FYI-FIRE wildfire information line. More than 2,000 public calls and 50,000 hits were recorded on the phone line and website during the fire ban and forest closure.

The budget requirements for forest protection totalled $238 million, $117 million above the Ministry's initial budget allocation of $121 million. The additional funds were needed to address wildfire hazards and activity in the province.

Oil Sands Branch Created

Sustainable Resource Development created the Oil Sands Branch in September 2007 to manage the increased workload related to managing oil sands development. The new branch was established in response to recommendations in the final report of the Oil Sands Multistakeholder Committee to:

- build an environmental governance framework for oil sands development,
- direct research and technology to reduce the environmental impacts and footprint of oil sands development,
- coordinate Sustainable Resource Development's role in environmental impact assessment reviews and subsequent regulatory approval processes,
- identify and coordinate resolutions to policy gaps or conflicts that prevent the sustainable development of Alberta's oil sands, and
- develop frameworks for managing the cumulative effects of development in the oil sands area.

Willow Creek Forest Land-use Zone Established

Legislation was enacted to establish the Willow Creek/Indian Graves Forest Land-use Zone (120 km southwest of Calgary) to address irresponsible and unmanaged camping and motorized vehicle use in the area. The new regulation provides the Ministry with authority to address environmental abuses, reduce impacts to natural resources, and lessen conflict between users.

Collaboration Continued on Sustainable Resource and Environmental Management

Being the best resource and environmental managers in the world continues as a shared commitment by Alberta's ministries of Energy, Environment, and Sustainable Resource Development, the Sustainable Resource and Environmental Management (SREM) ministries. A review of the SREM approach indicated common themes on leadership, learning, enhanced integration, communication and change management. Collaborative

Ministry staff learning how to complete grazing disposition audits.

processes on the Water for Life Strategy, the Land-use Framework and the approach to oil sands development illustrated the commitment of the ministries to working together and taking joint responsibility. A consultative approach was also employed across the SREM ministries on activities including planning and developing a geospatial information framework, policy integration on upstream oil and gas, and guiding Government of Alberta environmental stewardship planning.

Multiple Agencies Cooperate on Habitat Conservation

Habitat conservation strategies have been completed on nearly 91,000 hectares of Alberta's highest priority lands for multiple species at risk through a voluntary program known as MULTISAR (multiple agencies conserving multiple species at risk). In 2007-08, MULTISAR, which is co-led by Sustainable Resource Development and the Alberta Conservation Association, managed species such as burrowing owl, sage grouse, loggerhead shrike and ferruginous hawk through voluntary partnerships. MULTISAR provides landowners, lessees, municipalities and other partners with information on range, fish and wildlife inventories, so habitat conservation strategies can be developed for wildlife, species at risk and native habitats such as grasslands. In 2007-08, MULTISAR was also designated as an Innovation Project by Alberta Advanced Education and Technology. This allowed expansion into two new program areas: a rapid assessment process known as Species at Risk Conservation Plans and an Extension Program providing information and education to youth, landholders, and the general public.

New Online Services Developed for Fishing and Hunting

The Ministry laid the groundwork for issuing fishing and hunting licences online and launching a new website for Alberta's fishing and hunting community. Development and testing continued throughout 2007-08 to ensure the new services were ready to be launched in early 2008. The system will allow anglers and hunters to purchase licences and draw applications online at their convenience. It will also allow Albertans to print licences and check draw results 24 hours a day. Applications for new Wildlife Identification Numbers (WIN) and renewals of WIN cards will also be possible online. The new website will bring together the best information for and from Alberta's hunting and fishing community. The website is a joint initiative between Sustainable Resource Development, the Alberta Conservation Association, the Alberta Fish and Game Association, Alberta Outdoorsmen magazine, the Alberta Professional Outfitters Society, Ducks Unlimited Canada, Hunting for Tomorrow, the Alberta Trappers' Association, and Trout Unlimited Canada.

First Nations Consultation an Important Focus for Ministry

Consultation with First Nations on their rights regarding the allocation of Alberta's land and natural resources continued to be an important focus in 2007-08. The Ministry continued to implement Alberta's First Nations Consultation Guidelines on Land Management and Resource Development that came into effect November 14, 2007. Staff assessed each resource development project for potential infringement of Aboriginal rights and

Habitat conservation is just one subject summer campers at Long Lake Outdoor Education Centre learn about.

ensured appropriate consultation took place to meet the Ministry's legal obligations. Specific consultation guidelines were in place for each of the Ministry's core businesses: Forests, Lands, and Fish and Wildlife. The Ministry continued to hold a number of training sessions for staff involved in implementing the guidelines. Numerous information sessions were also held for industry, First Nations, and government staff across the province.

Sustainable Resource Development played a major role in organizing the fourth Inter-jurisdictional Symposium on Aboriginal Involvement in Resource Development, which was held in Edmonton in September 2007. The symposium was attended by over 200 representatives from federal and provincial governments across Canada. It addressed a variety of current and emerging initiatives involving resource development and Aboriginal participation and consultation.

Alberta and Chinese Governments Benefit from Partnership

Sustainable Resource Development completed a two-year partnership with the Chinese government to study grasslands in 2007-08. The collaboration allowed Alberta to provide expertise in rangeland science, technology and training to policy-makers and managers in the province of Ninxgia, China. The study resulted in new Chinese policies and regulations that address the need for a more balanced approach to grazing land use. Canada and Alberta have benefited from this exchange by promoting land stewardship practices and ways to improve ecological health across the globe.

Mexico and Alberta Continue Joint Firefighting Projects

The Ministry continued to work with the State of Jalisco, Mexico, to recruit firefighters to Alberta. Under the Firefighter Exchange Program, a total of 17 firefighters gained experience in Alberta. A mutual-aid resource-sharing agreement between the two jurisdictions was signed in December 2007 to provide access to firefighting resources during periods of extreme wildfire activity and hazard. As well, Sustainable Resource Development is helping Jalisco deliver a range of forestry programs based on its training materials at the Hinton Training Centre. Alberta's Junior Forest Ranger Program also provided opportunity for collaboration with Mexico in 2007. One Mexican came to Alberta for the 2007 Junior Forest Ranger Program. In February 2008, Ministry representatives went to Mexico to deliver a workshop in Guadalajara on the next steps to develop a Jalisco Junior Forest Ranger Program.

Hinton Training Centre Expands its Services

The Hinton Training Centre is a leader in delivering forest-related education, research and technology. In 2007-08, the centre expanded its course offerings to include conservation law enforcement. In September, the centre offered the first Western Conservation Law Enforcement Academy with 29 recruits from Alberta, British Columbia and Saskatchewan. Recruits received 70 days of instruction along with an aggressive physical fitness program. Conservation law enforcement chiefs from western Canada authorized the first-ever academy to examine the benefits of multiple agencies sharing resources to train and develop conservation law enforcement recruits. The academy was a success and will likely result in more joint training ventures

Minister Morton and Jalisco official Edgar Ruvalcaba sign resource-sharing agreement in December 2007.

among western provinces. The centre's programs are also recognized worldwide. In 2007, Serbia adopted many training materials the centre has developed.

The Hinton Training Centre was also involved in the Ministry's New Hires Training Program, which was officially launched in October 2007. The program was specifically designed for employees who have worked two years or less in Sustainable Resource Development. It was developed in response to the tight labour market and related staff recruitment and retention issues. It aims to promote employee morale, support comprehensive employee safety, deliver enhanced customer service, help implement the Ministry's business plan, and create an environment in which employees can pursue successful careers.

Major Consultations

Consultation is a critical component in delivering all of Sustainable Resource Development's core businesses. Being good managers and stewards of Alberta's natural resources means considering the needs of and potential impact on all affected parties before making decisions in the best interest of all Albertans. Whether deciding on land use, regulating fishing, allocating natural resources, or considering Aboriginal traditional use of resources, consultation is a key part of all the business we do in this Ministry. Examples of consultations undertaken in 2007-08 are outlined below.

- Gathered views of more than 3,000 Albertans on a variety of land-use management issues and challenges as part of the public input phase of the Land-use Framework consultation. A workbook survey was used to gather Albertans' input at 17 public sessions in May 2007. Albertans were also able to complete and submit the survey online between May 1 and June 15.
- Consulted and collaborated with the Alberta Forest Products Association to review and recommend ways to improve forest industry sustainability. An MLA-led Forest Industry Sustainability Committee was established and provided advice to the Ministry in December 2007.
- Received advice from the Minister's Mountain Pine Beetle Advisory Committee on strategies and approaches designed to deal with the mountain pine beetle threat such as intergovernmental agreements, marketing strategy, community impacts, action plans, harvesting concepts, and harvest sequencing.
- Held meetings with the Alberta Fisheries Management Roundtable to receive advice on planned and recommended changes to sportfishing regulations and gather input on a range of issues pertaining to managing Alberta's fish stocks.
- Undertook public consultations over proposed regulatory changes governing the possession of fish held by participants in licensed competitive fishing events.

The Ministry's Hinton Training Centre trained more than 1,400 people in 2007-08.

TRAINING CENTRE

- Consulted with stakeholders regarding trapping policies and practices.
- Surveyed hunters to determine numbers of hunters in Alberta and where they do their hunting in the province.
- Maintained partnership with the University of Alberta on a three-year study (2007-08 was the second of three years) to better understand relationships between rangeland health, carbon sequestration and storage, and reduced greenhouse gas emissions.
- Partnered with the beef and forest industries on the best ways to integrate grazing and timber production on the same land base.
- Participated in Oil Sands Multistakeholder Committee consultations which concluded with the delivery of a final report to the Government in the summer of 2007. The Oil Sands Multistakeholder Committee Final Report provided a vision, principles, strategies and action plan for managing Alberta's oil sands.
- Partnered with Environment on public consultation related to managing the cumulative effects of development on the environment.
- Conducted the accountability session for effective delivery of the *Agricultural Operation Practices Act* with representatives from the confined feeding industry, municipal governments and non-government environmental organizations, in conjunction with Agriculture and Rural Development.
- Consulted with the Policy Advisory Group, a multi-stakeholder group with representatives from the confined feeding industry, the provincial government, and municipal and non-government environmental organizations. Consultations were undertaken on policy issues related to reviewing and issuing permits under the *Agricultural Operation Practices Act*, compliance, environmental risk screening and alternative dispute resolution.
- Held consultations to draft a management plan for the public shorelands surrounding Buffalo Lake, 90 km northeast of Red Deer. When completed, the Buffalo Lake Integrated Shoreland Management Plan will provide direction on how these public shorelands are managed.
- Assisted the Energy Resources Conservation Board with the Battle Lake consultation on oil and gas development. This enabled the oil and gas industry to more effectively locate its operations and provided the residents with more information about oil and gas developments and how they will be undertaken to reduce potential conflicts.
- Developed an Integrated Land Management Program implementation strategy with input from key stakeholders including representatives from First Nations and the following sectors: recreation, industry (oil and gas and forestry), environment, and municipalities. This program will help reduce overall physical disturbance on Alberta's land by coordinating a variety of activities on the land.

The pincushion cactus is one of the three species of cactus found in Alberta.

Legislative and Policy Changes

The following legislative changes were made in 2007-08.

- Amended the **Wildlife Regulation** to:
  - correct a large number of wildlife management unit boundaries,
  - establish a new seasonal sanctuary near Lac La Biche,
  - provide further protections for places where snakes hibernate
  - implement numerous changes for the 2007 hunting season, including increasing surveillance of chronic wasting disease and reducing the minimum age to hunt big game,
  - implement details of the International Humane Trapping Standards,
  - adjust harvest quotas in some areas for fisher and lynx,
  - adjust harvest quotas in some areas for cougar, and
  - list several species of plants and fish as endangered organisms.
- Amended the **Timber Management Regulation** to:
  - improve implementation and management of the Community Timber Program,
  - strengthen reforestation data requirements,
  - improve mountain pine beetle management through a log import penalty provision, and
  - update sawlog timber dues rates to reflect current market conditions.
- Amended the **Forest Resources Improvement Regulation** by updating rates for sawlog timber dues to reflect current market conditions.
- Amended the **Horse Capture Regulation** to provide clarity between designated and public lands and prevent weapons from being used to capture free-roaming horses.
- Amended the **Procedures Regulation** to increase specified penalties for recreation offences under the Forest Recreation Regulation and Castle Special Area Forest Land Use Zone Regulation. The fines are now in line with similar recreation offences in provincial parks and are intended to deter irresponsible recreational land use and improve compliance with current laws. Better compliance will reduce adverse impacts on recreational infrastructure, soil, vegetation, watercourses and habitat.
- Amended the **Forest Recreation Regulation** to create the Willow Creek Forest Land Use Zone and protect Alberta's public lands and associated resources.
- Amended regulations under the ***Surface Rights Act*** to allow settlement agreements to be registered as board orders and permit voluntary alternative dispute resolution such as mediation to help individual parties reach agreement without a formal hearing.
- Amended the **Non-Permit Area Regulation** to reflect the addition of non-permit areas (areas that are exempt from requiring a fire permit during fire season) to townships located within the Municipal District of Spirit River and to address minor changes in mapping technology.
- Made administrative amendments to the **Forest and Prairie Protection Regulation Part I** to update terminology and references.

Fisheries technician Dick Brown netting fish to determine population status and health.

The following policy changes were made in 2007-08.

- Issued 21 directives under the Exploration Regulation to regulate geophysical (seismic) exploration in the province. The formal authority for these directives was provided in the recently updated regulation. This process will help keep regulations current with technology changes.
- Released an updated forested green reclamation criteria guideline for upstream oil and gas well sites and associated facilities to guide oil and gas construction and reclamation. This is part of an overall initiative to update the entire reclamation criteria in conjunction with Environment. These guidelines provide information about how to reclaim oil and gas well sites in a manner equivalent to the way they were before oil and gas development.
- Developed and implemented seven new policies for grazing dispositions under the *Forest Reserves Act* to implement recent regulatory changes regarding preference quotas and tenure. The new policies provide clarity to grazing allotment holders and the public on how administrative and tenure matters are handled by government.
- Developed and implemented new policy for provincial grazing reserves to document and clarify past practices.
- Developed and implemented new policy for managing debris on agricultural dispositions to support Sustainable Resource Development's goal of ensuring Alberta's forests and forest communities are protected from wildfires.
- Developed and implemented new policy for converting head tax permits to grazing licences. The policy change applies to an area in the northern East Slopes where tenure had been issued historically by annual permit. These permits actually represent long-term grazing opportunities that are better managed as longer-term tenure, so that holders have more security and Albertans will benefit from improved management and infrastructure.

Sustainable Resource Development is currently funding a state-of-the-art, DNA-based population census of the grizzly bear in Alberta.

Key Factors that Influenced Performance in the Past Year

Limited winter snow pack and a lack of spring precipitation contributed to high wildfire hazard levels in northeastern Alberta throughout much of the spring. In early June, the area experienced a major wildfire (16,125 hectares), less than 30 km northwest of Fort McMurray, in an area with several oil and gas facilities. Fort McMurray was blanketed with smoke on several occasions as more than 350 personnel worked to extinguish the blaze.

Of particular note was the record-breaking dry spell in southwestern portions of the province. The result was a forest closure that started on August 1 and remained in place until September 12. The forest closure was the longest in the province's history and helped prevent large-scale wildfires from threatening Albertans, their communities and provincial forest resources.

Surveys in southwest Alberta in 2007 showed a lower mortality rate of mountain pine beetle compared to the north, and a population trend that was increasing. Meanwhile, surveys in the north showed static or declining mountain pine beetle populations as a result of periods of cold temperatures from November 2007 to February 2008 and aggressive survey and control activities.

Pressures on the forest industry continued to threaten the forest industry's sustainability in 2007-08. These pressures included market conditions, mountain pine beetle infestation, energy and transportation/production costs, labour shortages and the strengthening Canadian dollar.

Economic and market pressures including a strengthened Canadian dollar are also affecting Alberta's livestock industry which has seen low prices in recent years. This has affected disposition holders' ability to implement new infrastructure such as cross-fencing and water development on leases to enable more even grazing on the land. It also has added pressure and uncertainty on entire agricultural operations.

Chronic wasting disease continued to threaten Alberta's wild deer in 2007-08. Surveillance and testing programs were once again necessary during the fall 2007 hunting season and in February and March 2008 to protect the province's deer population from infection. During the year, 8,576 deer heads were tested, identifying 24 infected deer. Fifty-three cases of chronic wasting disease in wild deer have been detected since 2005.

A spring wildfire in Fort McMurray started under high hazard conditions.

Financial Highlights

Ministry of Sustainable Resource Development for the Year Ended March 31, 2008 (in thousands)

	2008		2007
	Budget	Actual	Actual
Revenues	$ 171,461	$ 199,867	$ 137,974
Expenses			
Program Expenses	356,297	484,260	470,291
Valuation Adjustments	1,055	591	470
	357,352	484,851	470,761
Gain on Disposal of Capital Assets	4,000	4,202	3,542
Net Operating Results	$ (181,891)	$ (280,782)	$ (329,245)
Capital Assets, Inventory and Equipment Purchases	**$ 31,994**	**$ 20,708**	**$ 38,496**

Revenues were greater than budget by $28.4 million, which represents an increase of 16.6 per cent. Similarly, the current year revenue was higher than prior year figures by $61.9 million or 44.9 per cent. The growth in revenue was primarily due to the Softwood Lumber Export Tax. In addition, increased revenue resulted from new agreements initiated with the Government of Canada to aid in the funding of mountain pine beetle projects. The gain in revenue was partially offset by the decline in premiums, fees and licences which was caused by decreased demand for and price of solid wood products.

Program expenses were $128 million or 35.9 per cent more than budget primarily for costs associated with emergency action against mountain pine beetle and wildfires. Comparison of actual expenses with the prior year showed a modest increase of $14.1 million or 3 per cent. Supplementary Estimates were received to cover this overrun of costs. The difference also included valuation adjustments representing the difference between beginning and ending balances related to our estimation of amounts that will be collected on debts due to the Crown and our liability for vacations earned but not yet taken.

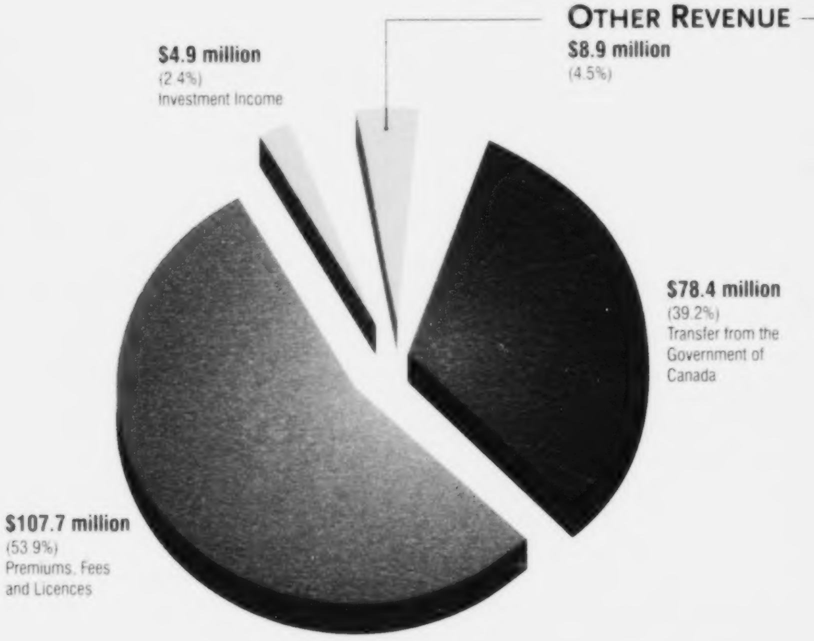
Gains on Disposal of Capital Assets from land sales exceeded expectations by $0.2 million more than budget and were $0.7 million more than sales gain in 2006-07.

White-tailed deer are thriving in Alberta, with an estimated population of 270,000 animals.

Ministry Revenue by Source

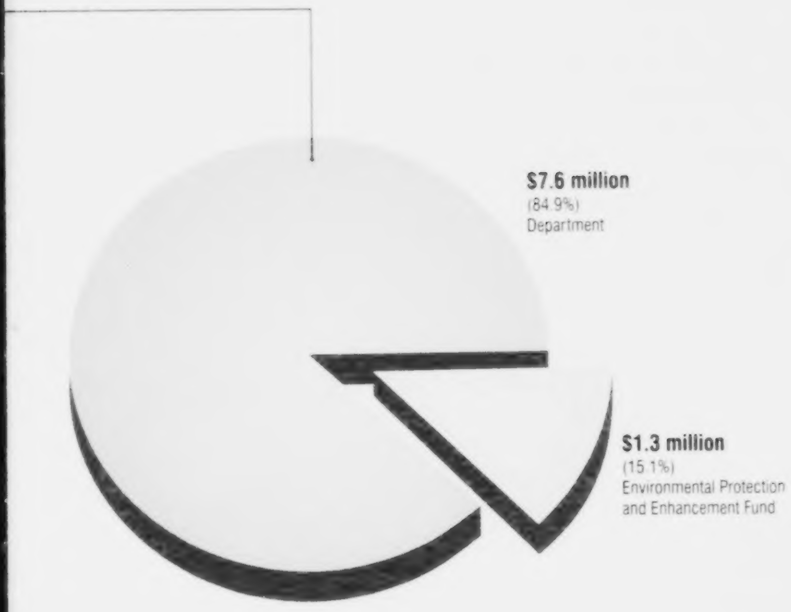
Revenues (in thousands)	**2008**	**2007**
Transfers from Government of Canada	$ 78,411	$ 5,905
Investment Income	4,869	5,408
Premiums, Fees and Licences	107,647	121,512
Other Revenue	8,940	5,149
	$ 199,867	$ 137,974

The growth in revenues was primarily due to the Softwood Lumber Export Tax in the amount of $65.6 million. In addition, increased revenue resulted from new agreements initiated with the Government of Canada to aid in the funding of mountain pine beetle projects in the amount of $8 million. The gain in revenue was partially offset by the decline of $13.9 million in premiums, fees and licences which was caused by decreased demand for and price of solid wood products.



TOTAL REVENUE (in millions) $199.9

The Ministry manages more than three million hectares of public agricultural land that is often leased to agricultural producers for grazing.



Other Revenue (in millions) **$8.9**

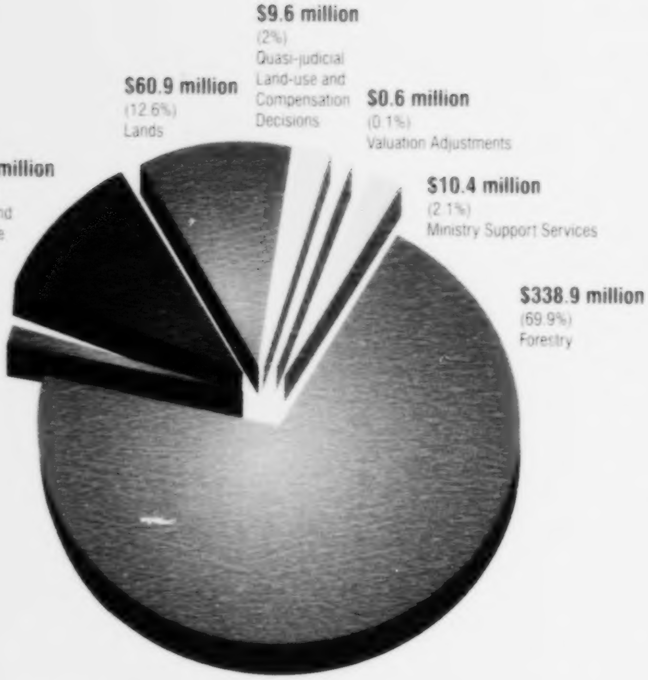
All harvested areas must be promptly reforested as required by the *Forests Act* and Timber Management Regulations.

Ministry Voted Program and Statutory Expenses

Voted and Statutory Expenses (in thousands)		**2008**		**2007**
Forestry	$	338,861	$	344,198
Lands		60,921		53,228
Fish and Wildlife		63,015		52,691
Quasi-judicial Land-use and Compensation Decisions		9,636		8,852
Ministry Support Services		10,393		9,256
Environmental Statutory Programs		1,434		2,066
Valuation Adjustments		591		470
TOTAL	$	484,851	$	470,761

Program expenses were $14.1 million higher than in 2007. There was increased spending in Lands and this was a result of the program's continued involvement in the Provincial Oil Sands Strategy and continued consultation to develop the Land-use Framework, as well as projects relating to handling pressures on public land. The increase in Fish and Wildlife resulted from expanded activities relating to biodiversity monitoring, fisheries revitalization and Aboriginal consultation. These increases in program expenses were partially offset by a reduction in the Forestry program—a result of the lack of major large-scale wildfires during the year.

Many Albertans, including private landowners, are engaged in the recovery of the piping plover, an endangered species. This work has resulted in the plover population increasing.



TOTAL VOTED AND STATUTORY EXPENSES (in millions) $484.8

Rugged laptops are used to provide Ministry staff with a mobile office in the field.

RESULTS ANALYSIS

Deputy Minister's Message

Alberta is blessed with an abundance of natural resources. We have vast stretches of forests that serve as habitat for wildlife, birds and other organisms while also providing economic benefits for the province. Our many species of fish and wildlife provide endless hours of enjoyment for Albertans of all ages, whether they are watching deer move silently across a field or enjoying a weekend of sportfishing. And our land provides Albertans with opportunities for economic growth as well as recreation.

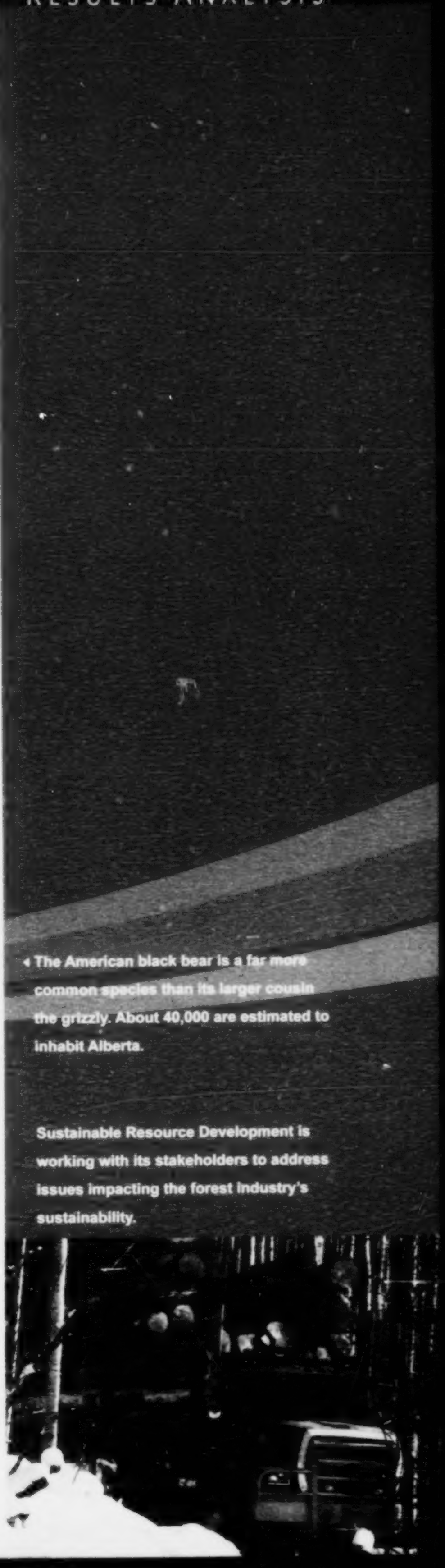
Managing these resources for the enjoyment and benefit of current and future generations of Albertans is the task of Sustainable Resource Development. As Deputy Minister, I am committed—as are my staff—to ensuring that this Ministry manages the growth pressures on Alberta's landscape to ensure that Alberta remains a great place in which to live, work and play.

The past year was an important one for Sustainable Resource Development. The Ministry continued its leadership role in developing a Land-use Framework that will provide overarching land-use policy direction for Alberta. Last year, the Ministry engaged thousands of Albertans through public sessions and workbook surveys to gather input on the development of the Land-use Framework. The province's rapid growth and increasing population are putting unprecedented pressure on our land, environment and natural resources. There are competing demands on our land for oil and gas development, forestry, agriculture, and other industrial development, as well as for recreational and conservation purposes. The Land-use Framework will help us sort out what activity is most important in what areas, so good decisions can be made about how our land is used and sustained.

The Ministry continued its battle to protect Alberta's forests from the mountain pine beetle through a variety of activities and programs. In 2007-08, the Ministry allocated $10 million to the Forest Resource Improvement Association of Alberta (FRIAA) Grant Program for companies to undertake certain mountain pine beetle control activities. The Ministry also continued to support the Mountain Pine Beetle Municipal Grant Program to help control beetles on private land. Last year, $15 million was approved for 22 municipalities.

Sustainable Resource Development relies on strong working relationships with stakeholders and other partners in meeting the challenges facing the Ministry. An MLA-led Forest Industry Sustainability Committee was established in the fall of 2007 and issued a report to the Minister in December with recommendations to address the global challenges to the forest industry's operating environment. Such challenges include market factors, labour retention, the rising value of the Canadian dollar, and increased operating costs. The Minister's Mountain Pine Beetle Advisory Committee provided advice on strategies and approaches to deal with the mountain pine beetle threat. And the Alberta Fisheries Management Roundtable met twice to provide input on the management of Alberta fish stocks.

Sustainable Resource Development met or exceeded its performance measure targets in all but a couple of areas.



◂ The American black bear is a far more common species than its larger cousin the grizzly. About 40,000 are estimated to inhabit Alberta.

Sustainable Resource Development is working with its stakeholders to address issues impacting the forest industry's sustainability.

The 2007-08 results for detecting wildfires within five minutes were 97 per cent by lookout tower and 98 per cent by air. These results were well above the target of 90 per cent. The 97 per cent result in containing wildfires within the first burning period (by 10 a.m. the morning following the wildfire's detection) was also considerably higher than the target of 85 per cent. In addition, the 94 per cent result in actioning wildfires before they reach 2.0 hectares in size exceeded the 90 per cent target. These results demonstrate the Ministry's commitment to excellence in fighting wildfires and protecting Alberta's forested areas. These exemplary results also show the dedication and professionalism of the Ministry's wildfire personnel. I congratulate all of our staff who are involved in the detection and suppression of wildfires for these excellent results.

The 89 per cent result for rangeland leases being in good standing was just one percentage point below the measure's 90 per cent target, and Ministry staff are assessing the reason for this. We believe it is due to increased efforts on behalf of our staff in assessing range health. This is resulting in more leases with short-term renewals that require the Ministry to keep closer track of progress in range improvement. The economic downturn in the livestock industry may also be affecting leaseholder ability to maintain rangeland standards.

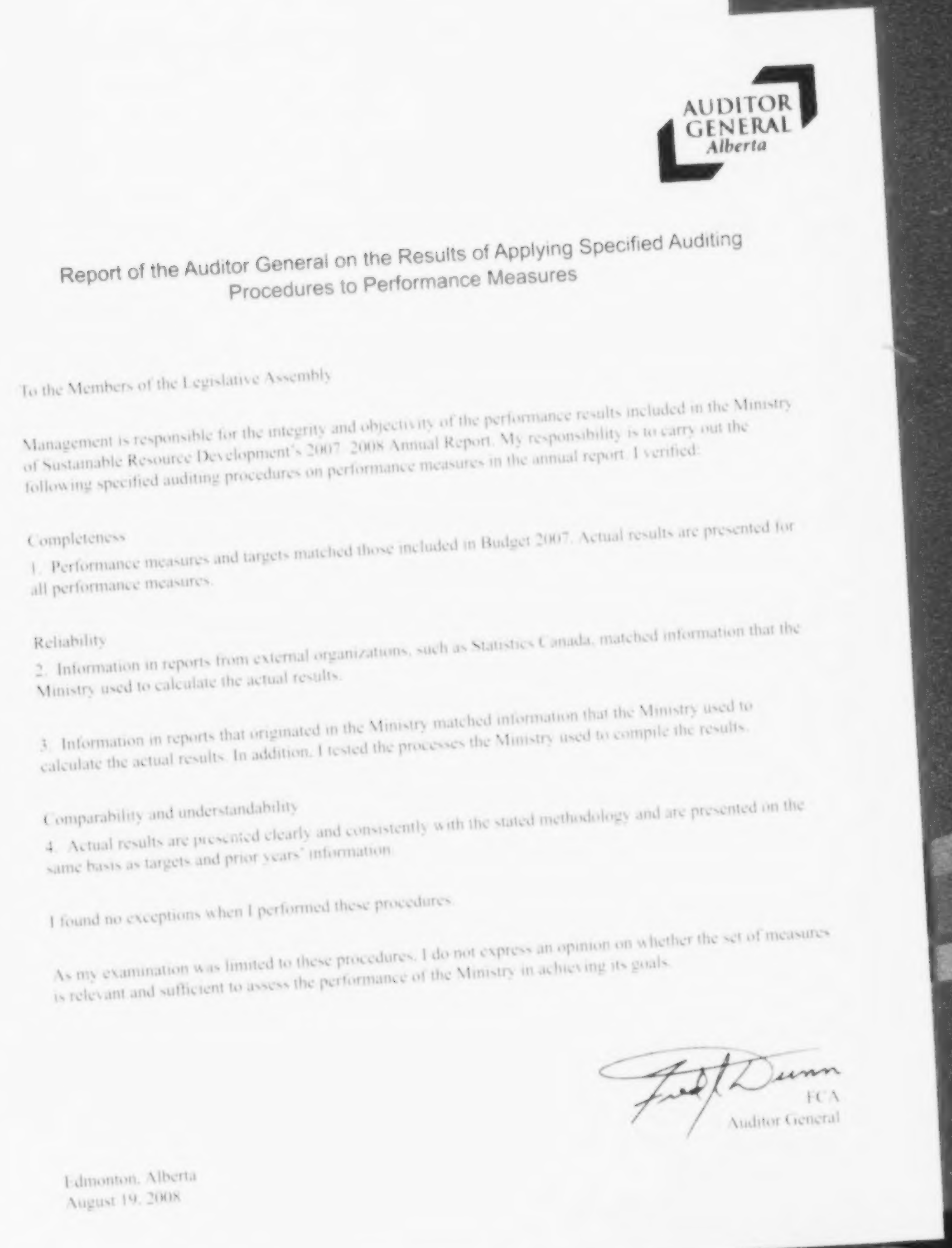
High industry demand for public land continues to challenge the Ministry in its ability to process dispositions providing approval to use public land. It took an average of 25.8 working days to complete industrial dispositions, somewhat higher than the target of 20 working days. The Ministry's response time was much quicker for requests to conduct geophysical activity on public land. The 10.7 working-day result was just slightly above the target of 10 working days. Ministry staff are reviewing these results to determine how efficiencies can be achieved, while meeting all approval requirements.

Similar to other employers, Sustainable Resource Development is facing challenges in attracting qualified workers to fill job vacancies and retain existing employees in a tight job market. I am pleased to report, however, that the Ministry had great success in 2007-08 with its "New Hires Program" to attract qualified workers and retain new employees. In addition, 11 new fish and wildlife officers were hired after completing the first-ever interprovincial Western Conservation Law Enforcement Academy. These new fish and wildlife officers were quickly put to work in the field serving Albertans and protecting our fish and wildlife resources. Nine, four-month seasonal officers were also hired during peak activity periods in the summer and fall.

The work of Sustainable Resource Development reaches into every corner of Alberta and touches the lives of every person in this province who has ever gone on public land, seen fish or wildlife, fished, hunted, or enjoyed the majesty of the forest. Our staff work diligently to meet not only the goals of the Ministry, but the goals of all Albertans to sustain our land, our forests and our fish and wildlife for our children and grandchildren. Ministry staff are committed to their jobs and do excellent work. I congratulate them for their outstanding efforts in 2007-08 as detailed in this annual report.

Eric J. McGhan
Deputy Minister of Sustainable Resource Development

The Junior Forest Ranger Program was established in 1965 and the Aboriginal Junior Forest Program in 2003 to provide youth with experience in natural resource management and develop potential new employees.



AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the Ministry of Sustainable Resource Development's 2007–2008 Annual Report. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2007. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.

3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J Dunn
FCA
Auditor General

Edmonton, Alberta
August 19, 2008

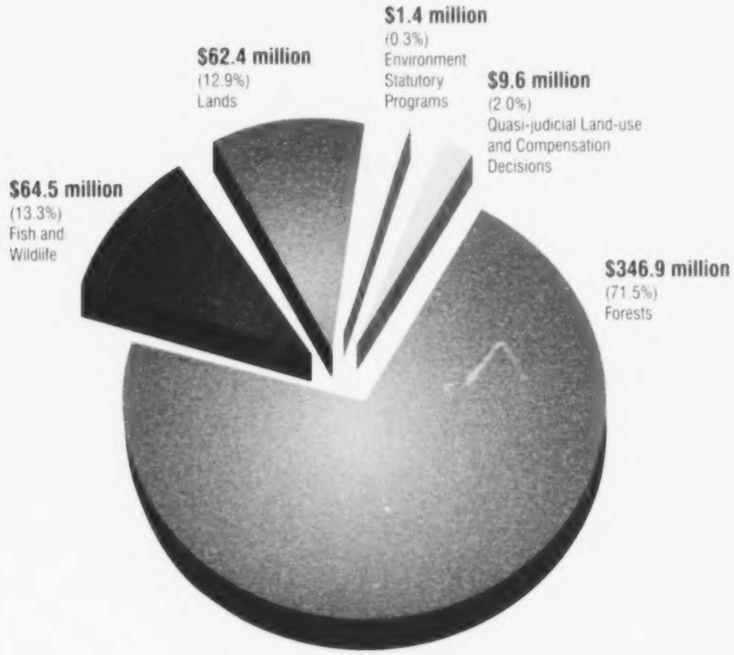
The Ministry sold about 240,000 fishing licences in 2007, representing 2,000 more licence sales than in 2006.

Expense by Core Business

Ministry of Sustainable Resource Development for the Year Ended March 31, 2008 (in millions)

		2008		2007
		Budget	Actual	Actual
1	Lands	$ 63.3	$ 62.4	$ 54.4
2	Forests	218.8	346.9	351.6
3	Fish and Wildlife	62.1	64.5	53.8
4	Quasi-judicial Land-use and Compensation Decisions	9.4	9.6	8.9
	Environment Statutory Programs	3.8	1.4	2.1
Total		$ 357.4	$ 484.8	$ 470.8

Note: The numbers are representative of approved budget. Supplementary estimates are not included. The above expenses include an allocation of Ministry Support Services expenses and valuation adjustments.



TOTAL VOTED AND STATUTORY EXPENSES (in millions) $484.8

Both classroom and hands-on training were provided during the Western Conservation Law Enforcement Academy offered for the first time in 2007-08 at the Hinton Training Centre.

The Ministry budget for expenses was approved at a total of $357.4 million which was composed of the following:

Program Expenses	$ 356.3 million
Valuation Adjustments	1.1 million
Total	**$ 357.4 million**

The Ministry subsequently received approval for Supplementary Estimates totalling $152.6 million to provide for incremental costs and emergency funding for the following:

Larger salary settlements than expected	$ 4.6 million
Prevention of the spread of chronic wasting disease	1.0 million
Firefighting costs	117.0 million
Mountain pine beetle survey and control	30.0 million
Total	**$ 152.6 million**

Total Ministry expenses exceeded the original budget by $127.5 million. These expenditures related primarily to costs associated with emergency action against mountain pine beetle and wildfires.

Supplementary Estimates were received to cover these costs. While not all of the supplementary estimates were required, these additional funds provided the Ministry with the tools to continue to control the spread of chronic wasting disease, mountain pine beetle and wildfires.

		2008		**2007**
		Budget	**Actual**	**Actual**
1	Lands	$ 63.4	$ 62.4	$ 54.4
2	Forests	368.7	346.9	351.6
3	Fish and Wildlife	63.5	64.5	53.8
4	Quasi-judicial Land-use and Compensation Decisions	9.6	9.6	8.9
	Environment Statutory Programs	3.8	1.4	2.1
Total		$ 509.0	$ 484.8	$ 470.8

Note: Budget numbers for expenses include supplementary estimates of $152.6 million of which Treasury Board authorized a transfer of $1 million from operating to equipment and inventory purchases.

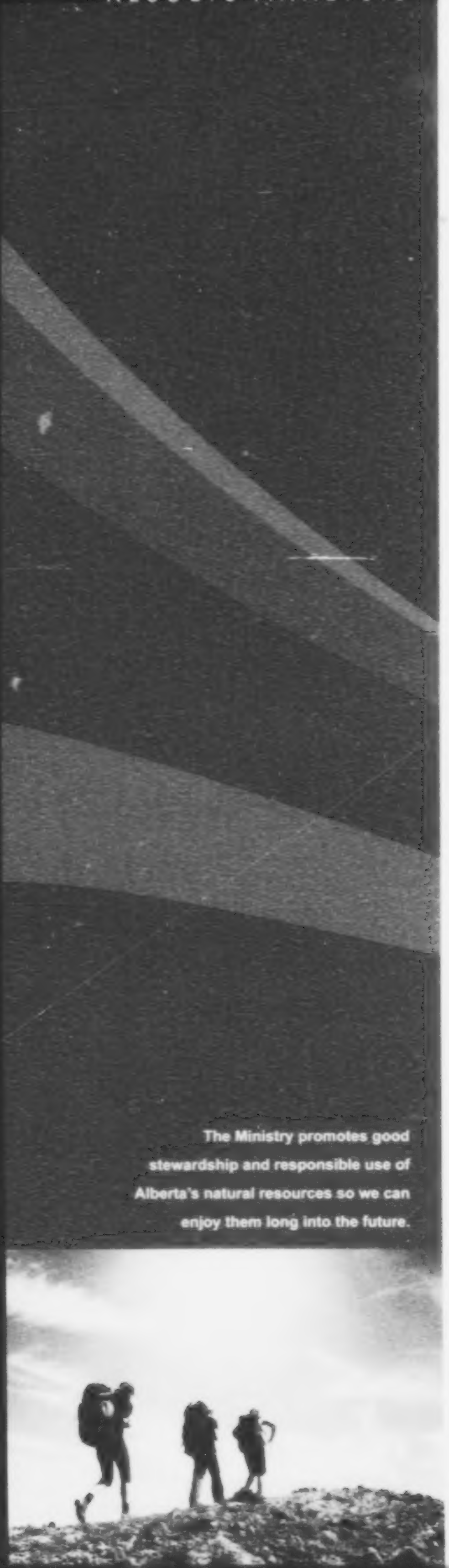
The moose is a popular and well-managed game species in Alberta, with over 145,000 animals in the province.

Expense by Government Function

Ministry of Sustainable Resource Development for the Year Ended March 31, 2008 (in millions)

	2007-2008		2006-2007
	Budget	Actual	Actual
Agriculture, Resource Management and Economic Development	$ 215.9	$ 236.6	$ 185.3
Protection of Persons and Property	105.4	214.8	257.8
Environment	36.1	33.4	27.7
Total	$ 357.4	$ 484.8	$ 470.8

The Ministry's expenses by government function are outlined above. Although 60.5 per cent of the budget was allocated in the Agriculture, Resource Management and Economic Development function, the fire season caused 44.3 per cent of actual gross expenses to be incurred in the Protection of Persons and Property function.



The Ministry promotes good stewardship and responsible use of Alberta's natural resources so we can enjoy them long into the future.

Aerial photos such as this one can be purchased from the Ministry's Air Photo Distribution Section. Our photo collection covers the entire province and dates back to 1949. Sustainable Resource Development is the primary manager of Alberta's public land, which makes up two-thirds of the province's land base.

GOALS, RESULTS AND MEASURES BY

CORE BUSINESS

Core Business 1

LANDS

Core Business One: Lands

The Ministry manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Goal 1: Alberta's public lands, including rangeland, are healthy, productive and sustainable

Strategy 1.1 Complete the Land-use Framework for the province to address conflicts over competing use of land and provide a vision for an integrated sustainable land-use approach that balances economic, environmental and social concerns.

- Completed 17 province-wide public input sessions on the Land-use Framework in May 2007 in 15 locations around the province. Albertans provided their views on the future of land use in the province through more than 3,000 workbook questionnaires.
- Released a 50-page report to the public in October 2007 summarizing consultation results and providing analysis on the emerging themes.
- Established four stakeholder working groups in June 2007 that developed strategies and actions for government to consider in developing the draft framework. They provided their advice in October 2007.
- Provided a draft Land-use Framework to government for review and approval in early 2008. Public release of the draft framework with a final round of public feedback is expected in May 2008.
- Participated in the cross-ministry development of the Strategic Plan for Oil Sands Sustainable Development. This plan will balance the economic, social, environmental and governance aspects of oil sands development and will provide an overarching provincial strategy for sustainable development in the Cold Lake, Peace River, and Fort McMurray oil sands areas and in the Industrial Heartland.
- Began preparation for developing the Northeast Regional Plan to be delivered under the Land-use Framework. This regional plan will integrate provincial policies at the regional level, set out regional land-use objectives and provide the context for land-use decision-making with the region. It will balance regional resource development with a commitment to environmental protection and stewardship.

Strategy 1.2 Manage public lands in a manner that integrates and balances a diversity of uses and natural resource values.

- Developed new and updated standards for reclaiming upstream oil and gas well sites and associated facilities. The new standards require companies to return development sites to a state equivalent to their capability and ecosystem function before development. This is a significant change to the previous standard which required establishment of a grass vegetation layer. Introducing these new standards is part of an overall initiative to update the entire reclamation criteria in conjunction with Environment.
- Worked with other regulators and stakeholders including the Cumulative Environmental Management Association (CEMA) to develop recommendations to manage ecosystems in the oil sands area and develop reclamation standards. All new *Environmental Protection and Enhancement Act* approvals issued in 2007 for oil sands mines require operators to salvage soils and reclaim disturbance to a deeper level. The new soil salvage and replacement requirements will encourage vegetation,

increase biodiversity and re-establish a self-sustaining forest.

- Created the Oil Sands Branch, recommended by the Oil Sands Ministerial Strategy Committee in the report *Investing in our Future: Responding to the Needs of High Growth Areas*, with a mandate to:
  - build an environmental governance framework for oil sands development,
  - direct research and technology to reduce the environmental impacts and footprint of oil sands development,
  - coordinate Sustainable Resource Development's role in environmental impact assessment reviews and subsequent regulatory approval processes,
  - identify and coordinate resolutions to policy gaps or conflicts in regards to the sustainable development of Alberta's oil sands, and
  - develop cumulative effects frameworks and sustainability initiatives in the oil sands area.
- Finalized and approved a Regional Grazing Plan for the Whitecourt-Edson area to better manage the impacts of grazing and timber production on each other and promote sustainable practices for both industries. Implementation of the plan is underway and may identify new grazing opportunities that could be successfully integrated with timber production.
- Assisted the Multiple Species at Risk (MULTISAR) Program aimed at managing native prairie with rangeland information and consultation. Habitat for a number of species at risk (both animals and plants) overlaps and is concentrated on the native prairie. This program provides cooperative management of multiple resources through a voluntary stewardship approach including assistance to landowners and leaseholders for changes to benefit species at risk and native prairie habitats.
- Worked with Tourism, Parks and Recreation to facilitate the implementation of the memorandum of understanding (MOU) for managing grazing in protected areas. Many protected areas use grazing as part of a management strategy for sustaining grassland vegetation. The MOU builds on Sustainable Resource Development's expertise in grazing management and our long-standing stewardship relationship with grazing users, to ensure sustainable management of these grasslands.
- Increased the percentage of oil- and gas-related dispositions managed and approved under long-term management plans (area operating agreements) from 27 per cent in 2006-07 to 29 per cent in 2007-08. Nearly one-third of oil and gas dispositions (3,093 out of 10,745) are now managed under this process. Long-term management plans provide more effective, efficient, and timely regulation of dispositions for both government and industry.

Strategy 1.3 Provide legislative and land management frameworks that enable sustainable use and development of public land to optimize the benefits Albertans receive from this resource.

- Developed and implemented new policies that provide clarity to grazing users and the public on allowable practices and explain how administrative and tenure matters are handled for grazing dispositions under the *Forest Reserves Act* in regards to debris management on agricultural dispositions and conversions of head tax permits to grazing licences.
- Coordinated the review of the various proposed amendments to the *Surveys Act* to ensure Albertans have relevant legislation to effect orderly land ownership and development.

- Reviewed several land survey investigations to ensure Albertans receive legal property boundaries and resolve boundary uncertainties caused by survey errors.

Strategy 1.4 Develop and implement policies, guidelines and practices that minimize the footprint of industrial, commercial and public activity on public land.

- Developed the Integrated Land Management Program after significant stakeholder consultation and input, as well as a strategy for the program's implementation. As part of the program's support of best practices, the Kakwa-Copton Industrial Corridor Plan was approved, resulting in a 45 per cent reduction in expected disturbance from industrial activity including forestry and oil and gas. This will also reduce the potential effects on wildlife and fisheries.
- Implemented the Willow Creek Forest Land Use Zone to address irresponsible and unmanaged random camping and use of motorized vehicles in the Willow Creek/Indian Graves area 120 km southwest of Calgary. This new regulation provides the Ministry with the authority to address environmental abuses and is designed to reduce impacts to natural resources, reduce conflicts between users and enhance public safety.
- Developed best management practices for grazing and timber integration and grassland reclamation to provide the Ministry and industry with tools to support integrated use and maintain the value of public grazing land (e.g., biodiversity, recreation, forestry, fish and wildlife habitat, and recovery of endangered species).
- Assisted the Interdepartmental Invasive Alien Species Working Group on the development of a risk-assessment tool to assist public land managers in determining if an area is at risk for invasive plant species and protect biodiversity on public land.
- Developed criteria for the Provincial Grazing Reserve Multi-use Capital Reconstruction Project. This two-year project commencing in 2008 will rebuild or replace infrastructure on provincial grazing reserves. The result of this project will be improved management of the grazing resource, increased rental for the new assets, and new multiple-use assets such as wildlife-friendly fencing, water development, and improved recreation trails.
- Encouraged responsible outdoor recreation to manage and minimize impact on the land. The Respect the Land Program worked with several recreation stakeholder groups to raise the level of public awareness on responsible use of public land through trade shows and distribution of information. Development began on a pilot project to bring the Respect the Land Program to the social media site *Facebook*.
- Trained and deployed 22 guardians across Alberta to provide the public with practical information and advice on the value of Alberta's wetlands and the impacts that can occur as a result of irresponsible use.
- Initiated the development of a new allocation policy for commercial tourism and recreation use of public land in response to increasing demands for large-scale commercial tourism developments on public land. The aim is to provide clear, consistent and competitive opportunities to potential commercial tourism developers.

Strategy 1.5 Ensure land decisions are made in a timely, effective manner, with appropriate and relevant conditions.

- Issued 11,008 land-use disposition approvals and 1,024 geophysical authorizations to use Alberta's public land. In addition to application and approval processing, the Ministry processed a significant volume of transactions related to disposition maintenance, which included: 3,093 amendments, 5,594 renewals and 18,848 assignments. These transactions provided Albertans with current authority for the continued use of public land. There were also 5,910 cancellations of applications/dispositions processed. Approximately 800 land reservations were also approved in 2007-08. Reservations indicate the conditions under which public land may be used, while protecting special habitat and landscapes.

- Worked to streamline the appraisal process with the departments of Infrastructure and Transportation to simplify requirements for appraisals, sketches of land being sold, development of terms of reference, selection of appraisers, and review of appraisal reports. This will result in a more timely service to clients purchasing public land.
- Collaborated with the Department of Energy on strategies for creating the Alberta Crown Land Information System (ACLIS) as a registry to replace the Land Status Automated System (LSAS). LSAS is the Crown registry for surface and subsurface activities used and populated by several ministries that have business related to Crown land. ACLIS will replace LSAS by 2011.
- Further automated the land disposition process to update map information automatically (e.g., plan number, version date, plan version history) and make preparing and distributing plans easier.

Strategy 1.6 Monitor existing land dispositions for compliance with relevant conditions and legislation to ensure sustainable development and environmental protection.

- Issued the first reclamation certificate for a mineable oil sands project for Syncrude Canada's Gateway Hill, in accordance with the reclamation standard identified in the original *Environmental Protection and Enhancement Act* approval for the site.
- Completed over 25,000 inspections on new and existing industrial dispositions on public lands.
- Developed and implemented the new lands compliance program called the Land Management Inspection Program to set inspection priorities, allocate resources, and direct Ministry staff to focus inspections on priority and high-risk dispositions (approvals to use public land).
- Maintained agreements with 19 municipalities to control noxious and invasive plants that compete with native plants and reduce the yield of commercial crops and rangelands. Approximately $120,000 is provided to municipalities on a contract basis. This approach takes advantage of economies of scale as the municipalities are already carrying out their own projects in the areas affected.
- Initiated the Weed Control Prioritizing Project with Agriculture and Rural Development focusing on priority areas in the province for weed control. Project benefits are maintenance of productivity and biodiversity, decreased weed threats, and economic savings.
- Developed and rolled-out the Mobile Office Initiative that provides field inspection staff with rugged laptop computers in their vehicles so they can access natural resource information in real-time and provide better service to clients. As a result, staff are more efficient and satisfied with their work.
- Engaged over 95 per cent of leaseholders in the Recreational Access Program by providing contact and condition information for their leases. Recreational land users can then access leaseholder contact information on the Ministry's website.

Strategy 1.7 Support sustainable land management practices and decisions through coordinated inventories, knowledge transfer and applied research programs.

- Conducted ecological assessment audits of rangeland and shoreland health on 681 grazing lease renewals to maintain sustainable grazing on Alberta's public agricultural land base (almost 5 million hectares). Healthy public rangelands provide multiple benefits to Albertans including wildlife habitat, watersheds and biodiversity.
- Provided training to over 350 staff and members of the public, including training in Saskatchewan, British Columbia and China in areas of forest, grasslands, and shoreland ecological health and function technology. As well, a range management course was developed with the Ministry's Hinton Training Centre and Canada Green Cover for release in 2009 to assist clients and staff in better identifying opportunities for sustained use of natural resources.
- Partnered with the Rocky Mountain Forest Reserve Grazing Association and with Camp Wainwright to improve rangeland inventory, health and planning knowledge on their two large land bases.
- Maintained a partnership with the University of Alberta on a three-year study to better understand relationships between rangeland health, carbon sequestration and storage, and reduced greenhouse gas emissions.
- Developed a new tool for monitoring forest regeneration and grazing with industry. This tool will assist the beef and timber industries in identifying potential integration problems at the early stages so they can work together to correct them.

Strategy 1.8 Offer long-term, secure public rangeland grazing that promotes sustainable resource management.

- Authorized over 1.7 million animal unit months (AUM) of grazing for livestock on public rangelands. This included the authorization of approximately 91,000 AUMs in the Rocky Mountain Forest Reserve, which integrated grazing with other land uses including recreation, timber management and watershed protection. An AUM is the amount of forage required to feed one 1,000 pound cow with calf at side for 30 days.
- Finalized cost-sharing agreements with provincial grazing reserve associations to mitigate the impacts of industry and recreation on provincial grazing reserves. These projects maintain government-owned infrastructure on provincial grazing reserves. Total government funding of $400,000 was used to fund these projects on a cost-shared basis.
- Renewed expired grazing agreements, authorized land allocation and assisted grazing associations in allocating grazing to their patrons on 32 provincial grazing reserves.
- Finalized the Grazing Lease Stewardship Code of Practice, which identifies the roles and responsibilities that public land grazing leaseholders have and describes concepts such as range and riparian health.
- Assisted in the coordination, training and development of the Grassland Vegetation Inventory, which provides Albertans with an improved understanding of managing grassland natural resources on a sustainable, integrated, and landscape basis.

Strategy 1.9 Work with agricultural disposition holders to assess, strengthen and sustain riparian zone health.

- Conducted health assessments on 406 riparian areas, the transitional area between an aquatic area and the surrounding uplands. These audits supported grazing disposition renewals and land-use decision-making, so potential problem areas are identified and corrected. These actions maintain ecological health, benefits and values for sustainable livestock grazing, fish and wildlife habitat, water quality, recreation and forestry.
- Developed supportive science and tools to advance understanding of riparian science as an important criterion in assessing the ecological health and the function of rivers, creeks, and streams. This will improve the ability to answer questions of ecological health and function of riparian areas on a consistent basis. As well, a riparian needs assessment was completed. The assessment identified the need to enhance present knowledge and tools in measuring riparian health.

Strategy 1.10 Consult with First Nations regarding land use and authorizations for oil and gas activities that have the potential to adversely impact First Nations rights and traditional use of Crown lands.

- Worked with the cross-ministry team led by Aboriginal Relations to review and update Alberta's First Nations Consultation Guidelines on Land Management and Resource Development. Input was gathered from meetings and sessions held across the province with industry, First Nations, and government staff. When the revised guidelines were released in November 2007, further meetings and training sessions were held to explain and implement them.
- Responded to First Nations and industry concerns respecting consultation in general and on specific consultation initiatives.
- Initiated consultations on major initiatives and policies such as the Land-use Framework and Integrated Land Management Program, as well as ensured appropriate consultation on dispositions.

Measure:
Timely, Efficient Disposition Decisions

Methodology:
Applications for industrial dispositions involving well sites and pipelines are entered into the Land Status Automated System (LSAS). Applications for geophysical approvals are entered into the Application Disposition Process and Tracking System and downloaded to LSAS. LSAS automatically captures and stores the date of application and the subsequent date of approval. Applications that exceed the targeted processing time when the reason for the delay is beyond the Ministry's control are excluded from the calculation. The number of working days (Monday to Friday, excluding public-sector holidays) spent approving dispositions is then divided by the number of dispositions approved.

Target: **Average number of working days for completing industrial dispositions is less than 20 working days and for completion of geophysical approvals is less than 10 working days**

Results:

		Year Ending March 31		
		2005-06 Actual	2006-07 Actual	2007-08 Actual
1a)	Average number of working days for completing industrial dispositions	21.6	25.9	25.8
	Average number of working days for completing geophysical approvals	7.1	9.5	10.7

Source: Land Status Automated System (LSAS)

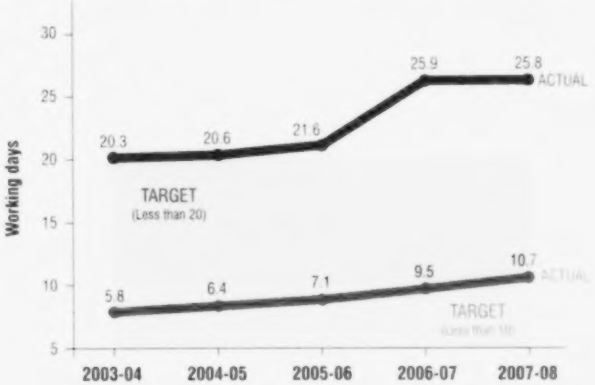
Note: In 2007, the phrase "industrial dispositions" was introduced to describe well site and pipeline approvals. The target and methodology for this measure did not change.

Analysis:

The target of 20 working days for completing industrial dispositions was not met. In 2007-08, the actual timeframe for approval was 25.8 days, which was slightly less than the previous actual of 25.9 days. This is an improvement considering that, during the year, consultation with First Nations was introduced as a new requirement in the approval process. Factors that influenced the Ministry's performance in this area included an uneven distribution of application volume throughout the year and the time required by clients to provide additional information if requested. Efforts to improve the turn-around time were successful, however, this reduction in processing time was more than offset by the addition of consultation as a requirement.

The target of 10 working days for completing geophysical approvals was not met. The 10.7 day turn-around time from the previous actual of 9.5 days was anticipated with the introduction of consultation with First Nations as an added requirement to the approval process.

TIME TO COMPLETE:
- **INDUSTRIAL DISPOSITIONS FOR USING PUBLIC LAND**
- GEOPHYSICAL APPROVALS FOR USING PUBLIC LAND



Target: **Public rangeland will support 1.6 million animal unit months**

Results:

	Year Ending March 31		
	2005-06 Actual	2006-07 Actual	2007-08 Actual
1b) Animal unit month allocated (millions)	1.7	1.7	1.7

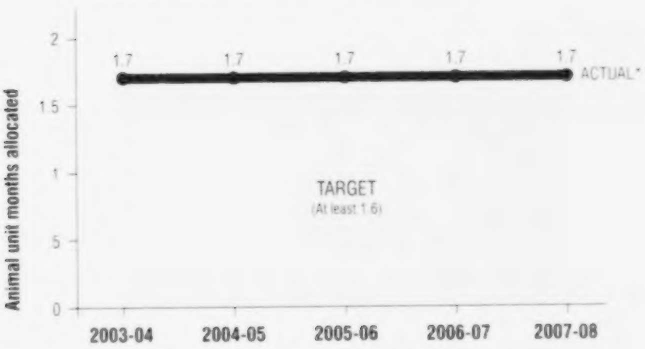
Source: Geographic Land Information Management and Planning System. Provincial Grazing Reserves Grazing Management Agreement Schedule C information and Ministry files

Note: An animal unit month (AUM) is the amount of forage required to feed one cow with calf at side (an animal unit) for 30 days. This amount is equivalent to 1,000 pounds of forage dry matter.

Analysis:

The number of animal unit months (AUMs) allocated measures the amount of grazing opportunity provided for livestock on public lands in Alberta. Providing access to livestock grazing on public lands through long-term agreements helps provide stability to the livestock industry. There are over 6,000 grazing dispositions issued in the province. The target was 1.6 million AUMs and this year's actual result was approximately 1,720,288 AUMs, demonstrating the Ministry is doing a better job of making public land available for livestock grazing than expected. This result is consistent with the results from the past four years.

PUBLIC RANGELAND ALLOCATION



* Exceeding the target for this measure is positive because it demonstrates that more public land is being made available for livestock grazing than expected. This means public land is being better shared among agricultural, recreational and industrial users.

Measure:
Public Rangeland Allocation

Methodology:
The total number of animal unit months approved for grazing leases, licences and permits as well as those for the Forest Reserves, the Provincial Grazing Reserves and Camp Wainwright are counted each year.

Measure:
Rangeland Sustainability (Percentage of rangeland leases in good standing)

Methodology:
During 2007-08, 681 grazing leases scheduled for renewal (approximately 10 per cent of total grazing leases held in the province) were assessed for sustainable rangeland health and management practices. Lease selection is drawn from the Geographic Land Information Management and Planning System and collected data is subsequently entered into the same system. The number of leases in good standing is divided by the total number of leases and multiplied by 100 to obtain the percentage of leases in good standing.

Target: **90 per cent of assessed rangeland leases will be in good standing**

Results:

		Year Ending March 31		
		2005-06 Actual	2006-07 Actual	2007-08 Actual
1c)	Percentage of rangeland leases in good standing	92%	90%	89%

Source: Geographic Land Information Management and Planning System

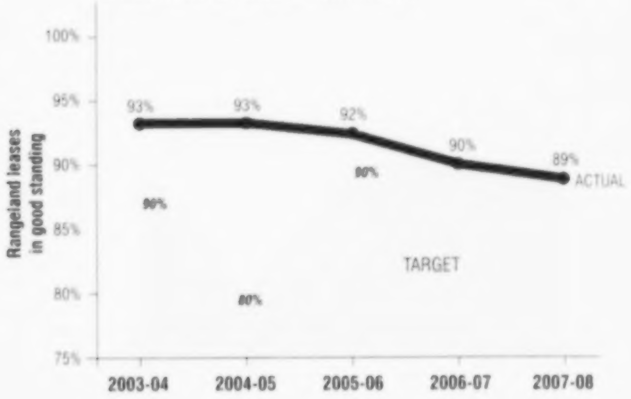
Note: A rating of good standing means productivity, site stability, capture and beneficial release of water, nutrient cycling, plant diversity, and proper grazing management practices are demonstrated and the livestock is owned by the leaseholder unless previously approved.

Analysis:

This measure provides evidence of the Ministry's success in fostering good stewardship practices among leaseholders and an overall indication of whether Alberta's rangelands are being managed in a sustainable manner.

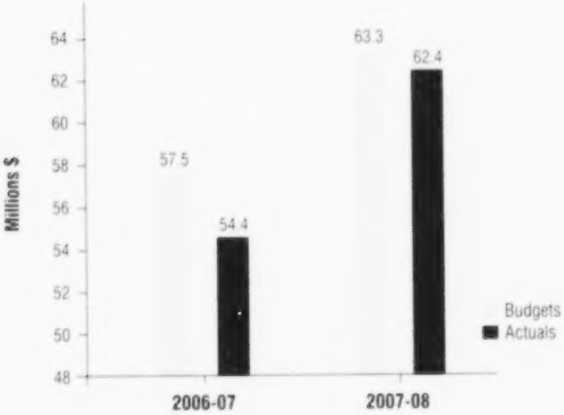
Results in 2007-08 for this measure were slightly under the target. The percentage of rangeland considered to be in good standing dropped one per cent to 89 per cent, resulting in the Ministry just missing its target of 90 per cent for leases in good standing. One explanation for Sustainable Resource Development not meeting its target may be increased Ministry compliance and enforcement action for dispositions including grazing leases. As a result, more short-term renewals for grazing leases are appearing in the inspection and review process, because the Ministry renews leases for shorter periods when concerns need to be monitored and addressed. In 2007-08, 241 leases out of approximately 6,000 are in short-term renewal and being inspected annually. Another explanation for slightly less grazing leases being in good standing this year may be the widespread economic downturn in the livestock industry resulting in some producers being unable to provide fencing and water development on a timely basis.

RANGELAND SUSTAINABILITY



LANDS BUDGET AND EXPENSES

2006-07 TO 2007-08



Lands' actual expenses were less than budgeted by $0.9 million or 1.4 per cent, as a result of less transfer of public land to municipalities than budgeted. There was an increase of $8 million or 14.7 per cent over 2006-07 actual amounts. The 2007-08 budget was increased to facilitate the Ministry's continued involvement in the Provincial Oil Sands Strategy, projects relating to handling pressures on public land, continued consultation to develop the Land-use Framework and a general adjustment to cover salary increases and inflation.

Core Business 2
FORESTS

Core Business Two: Forests

The Ministry provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Goal 2: Alberta's forests and forest communities are protected from wildfires

Strategy 2.1 Provide a preparedness framework that enables the province to respond to wildfires in the province's Forest Protection Area. Key elements of the framework include effective policies, readiness, training, prevention, detection and early response.

- Improved lookout operator safety by implementing recommendations from the Athabasca Lookout Review, including reviewing the layout and design of facilities, changing the working-alone procedures, and providing staff with personal safety training and equipment.
- Developed the Community Wildfire Presuppression Plan to further enhance wildland fire preparedness and response capability.
- Employed 17 firefighters and one Junior Forest Ranger representative from Jalisco, Mexico, for the 2007 fire season.
- Sent a delegation to Jalisco in support of the memorandum of understanding to coordinate and deliver firefighter fitness testing and training. Fifteen firefighters from Jalisco were hired for the 2008 fire season.
- Delivered a workshop in Guadalajara, Jalisco, to identify the next steps for developing the Jalisco Junior Forest Ranger Program.
- Updated the Non-Permit Area Regulation and the Forest and Prairie Protection Regulation Part 1 to make it current.

Strategy 2.2 Reduce the risk and damage caused by wildfires by incorporating FireSmart[1] practices and principles in cooperation with the public, industry and local governments.

- Completed and released the *FireSmart[1] Guidebook for Oil and Gas Industry and Best Management Practices* with the Canadian Association of Petroleum Producers. The guidebook presents a number of innovative FireSmart solutions specifically for the oil and gas industry.
- Implemented FireSmart projects to protect 16 communities from the threat of wildfire. For example, a fireguard was constructed in the community of Chipewyan Lake, in the Lesser Slave Area. The total budget for community projects was approximately $1.17 million.
- Established the FireSmart Community Grant Program and awarded grants to six communities totalling approximately $250,000.
- Reduced wildfire hazards through the prescribed burn program. Approximately 2,000 hectares of forest were intentionally burned in 23 prescribed fires during the spring. The majority of the burns occurred in the Lac La Biche and Upper Hay Areas.
- Identified areas for prescribed fire to help control mountain pine beetle infestations. In 2007, 84 hectares were burned in southwest Alberta to support mountain pine beetle management.

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[1] *The FireSmart Program provides Albertans with information to protect themselves, their property and the forest from wildfire.*

« Alberta's forests provide social, environmental and economic benefits. The Ministry manages this resource to ensure its benefits are available for present and future generations.

Strategy 2.3 Respond to wildfires through a management regime that quickly contains and suppresses wildfires within the Forest Protection Area to minimize related losses.

- Responded to 1,349 wildfires, which burned more than 103,668 hectares of forest (a size equivalent to one and a half times the size of Edmonton). The total hectares burned was 48 per cent less than the five-year average of 200,000 hectares, despite the record-breaking dry spell in the southwest portion of the province.
- Implemented a fire ban and the longest forest closure in the province's history in response to the prolonged dry spell in southwest portions of the province. The forest closure started on August 1 and was lifted on September 12, 2007. The closure helped prevent large-scale wildfires from threatening Albertans and their communities.
- Brought in firefighters from British Columbia, Ontario, Quebec and the Yukon and sent more than 200 firefighters to Quebec and Ontario as part of the Ministry's resource-sharing agreements. Thirty-two firefighters were also sent to Montana, equipment was sent to British Columbia and Ontario, and aircraft was sent to Ontario.
- Operated 128 fire lookouts during the 2007 fire season. Lookout observers provide early detection and accurate reporting of potential smoke and wildfires within the area visible from the lookout.
- Continued initiatives to upgrade three government-owned CL-215 airtankers. The airtanker base at Fort McMurray was upgraded. Another airtanker base was developed and opened at Springbank near Calgary.

Strategy 2.4 Encourage wildfire prevention in Alberta's forests through information, education, outreach and monitoring.

- Delivered 44 wildfire courses at the Hinton Training Centre, training over 1,400 individuals.
- Delivered part of the Parks Canada Wildfire Information Officer Course.
- Responded to more than 2,000 public calls for information and had 50,000 contacts to the FYI-FIRE line and the albertafirebans.ca website.
- Continued to operate the 310-FIRE line where the public can report wildfires.
- Continued to operate wildfire prevention awareness campaigns, which included advertisements on billboards, radio and print during the fire season.
- Held the third annual FireSmart Community Series Workshop in Grande Prairie, which was attended by approximately 100 municipal representatives and Ministry staff. This event provided participants with information on the FireSmart Program and how it can be applied in communities and industry.
- Partnered with Crime Stoppers and Global Television on wildfire prevention announcements to engage communities in wildfire prevention and reporting.
- Delivered online training in partnership with MacEwan College for first responders to wildfire incidents to support and enhance the quality of wildfire investigations.
- Charged five individuals under the *Forest and Prairie Protection Act* with entering an area closed by ministerial order due to extreme fire hazards in southern Alberta.

Strategy 2.5 Consult with First Nations regarding wildfire management activities that have the potential to adversely impact First Nations rights and traditional use of Crown lands.

- Funded FireSmart projects in six Aboriginal communities to assist in reducing the risk of wildfire.
- Contracted 30 eight-person Aboriginal firefighting units.
- Consulted with First Nations regarding specific wildfire activities such as prescribed burns, FireSmart activities and suppression operations.
- Assistant Deputy Minister of Forestry, Cliff Henderson, was named Honorary Chief Sorel Horse by the Piikani Nation. The designation was given in recognition of his support of Aboriginal employment opportunities and training. The Aboriginal Firefighting Program was developed under his leadership and he was instrumental in establishing the Aboriginal Junior Forest Ranger Program.

Measure:
Detection

Methodology:
The wildfire detection performance measure tracks the reporting times for the systems over which the Ministry has direct control (e.g., fire lookouts and aircraft patrols). These measures assess the success of Sustainable Resource Development's fixed and mobile detection system.

Detection results compare the number of wildfires detected and reported by Ministry lookout or air patrols in five minutes or less, against all wildfires detected and reported by Ministry lookout or air patrols during the same time period.

Target: **90 per cent of detected wildfires are reported within five minutes by lookout tower or air**

Results:

	Year Ending March 31		
	2005 Actual	2006 Actual	2007 Actual
2a) Detected wildfires reported within 5 minutes:			
By Lookout Towers	97%	99%	97%
By Air	99%	100%	98%

Source: Fire Information Resource System (FIRES)

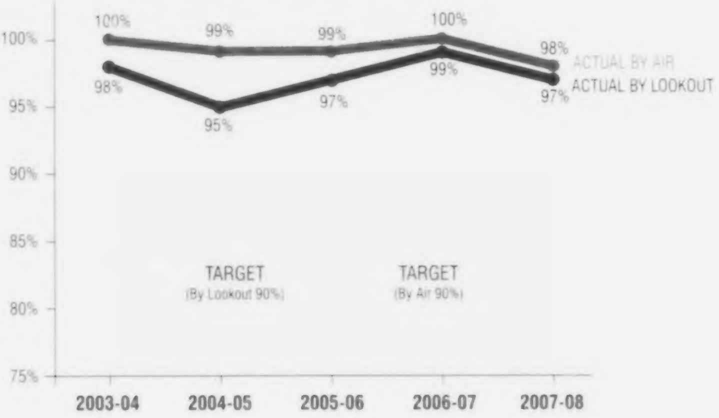
Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.

Analysis:

Early discovery and prompt reporting of wildfires is essential to suppression efforts, as it allows for rapid deployment of initial response resources.

The 2007 results for detecting wildfires within five minutes (97 per cent by lookout and 98 per cent by air) were well above the 90 per cent target. The results indicate that personnel responsible for reporting wildfires are properly trained, are aware of the importance of quick reporting, and are following standard operating procedures.

WILDFIRES REPORTED WITHIN FIVE MINUTES OF DETECTION



Target: 90 per cent of wildfires are actioned before they reach 2.0 hectares in size

Results:

	Year Ending March 31		
	2005 Actual	2006 Actual	2007 Actual
2b) Wildfires actioned before they reach 2.0 hectares in size	92%	93%	94%

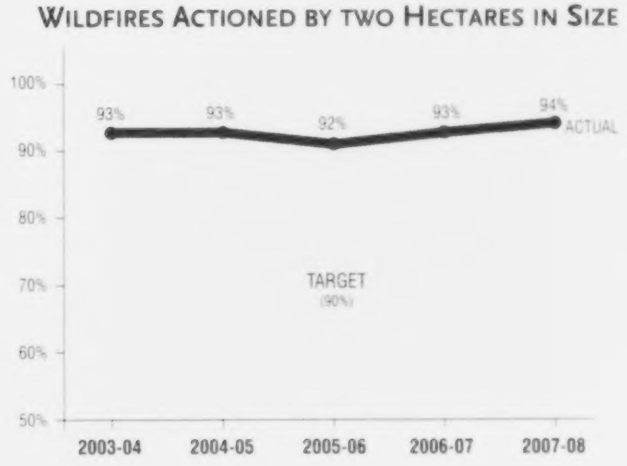
Source: Fire Information Resource System (FIRES)

Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.

Analysis:

This performance measure reports how successfully Sustainable Resource Development achieves its objective of timely and effective initial action on reported wildfires within the Forest Protection Area.

The Ministry was successful in actioning 94 per cent of wildfires by the time they reached 2.0 hectares in size, exceeding the target of 90 per cent. This result is similar to the previous year. The results demonstrate the Ministry's commitment to fighting wildfires in their initial stages, in order to reduce damage and loss.


WILDFIRES ACTIONED BY TWO HECTARES IN SIZE

Measure:
Response

Methodology:
Alberta uses a computer decision model, the Spatial Fire Management System, which collectively takes into account forest fuels, topography and fire weather to provide resource deployment strategies to fight wildfires in their initial stages. This measure's results are calculated as a percentage of all wildfires in which firefighting began at two hectares or less and Ministry resources provided the initial response.

Measure:
Containment and Suppression

Methodology:
The number of wildfires contained within the first burning period is expressed as a percentage of all wildfires that occur during the fire season (April 1 to October 31).

Target: **85 per cent of wildfires contained within the first burning period**

Results:

Year Ending March 31

	2006 Actual	2007 Actual	2008 Actual
2c) Wildfires contained within first burning period (by 10 a.m. the day following detection)	98%	96%	97%

Source: Fire Information Resource System (FIRES)

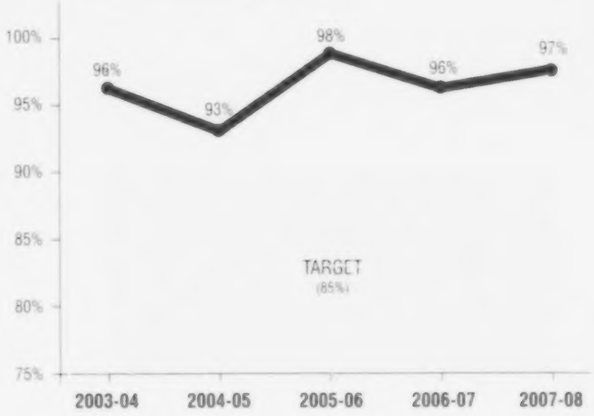
Note: Performance data is based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.

Analysis:

This performance measure reports how successfully Sustainable Resource Development contains wildfires in the critical initial stages within the first burning period (by 10 a.m. the day following detection).

The 2007-08 result was well above the target and similar to results in the previous two years. Quickly controlling wildfires that escape initial attack is crucial, not only to minimize fire loss, but also to reduce suppression costs. Escaped wildfires in areas where Albertans' values are at risk (e.g., communities, natural resources and developments like oil and gas infrastructure) are rapidly supplied with additional human resources by ground and air transport, heavy equipment and airtankers, in an effort to contain these fires within the first burning period.

WILDFIRES CONTAINED WITHIN FIRST BURNING PERIOD*



* First burning period means contained by 10 a.m. the day following detection.

Goal 3: Alberta's forests and forest landscapes support healthy ecosystems and vibrant communities

Strategy 3.1 Manage Alberta's forests and forest landscapes through a policy, legislative, consultation and regulatory framework that optimizes the benefits Albertans receive from forests and forest lands.

- Continued to work on forest industry sustainability issues by working with the Alberta Forest Products Association and the Forest Industry Sustainability Committee. Short-term initiatives were completed such as updating the current timber dues system, implementing uniform fire control agreements, and consulting with industry before imposing any new costs.
- Implemented the Forest Operations Monitoring Protocol to monitor the forest industry's compliance with regulations and standards for timber operations and reforestation. This is a risk-based approach to conducting field inspections that is based on a company's compliance history, its annual harvest and whether it employs professional forest practitioners. It involves checking if approved plans have been followed, operations comply with legislation, and reforestation reporting to the Alberta Regeneration Information System (ARIS) is accurate. ARIS data quality was also improved.
- Updated the Timber Production and Revenue System (TPRS) to reflect current monthly timber dues. TPRS is the system used to record all timber dispositions and associated clients who harvest timber from Crown lands. It captures and stores information related to the amount of timber harvested by a client and creates an assessment of the dues payable.
- Amended the Timber Management Regulation to help ensure that reforestation data is complete and accurate.
- Signed a memorandum of understanding with the Forest Resource Improvement Association of Alberta (FRIAA) to strengthen reporting requirements and accountability for the quality of work done.
- Revised the FRIAA Wildfire Grant Program to allow for yearly funding to assist in the retreatment of previously reforested cutblocks where the regeneration was destroyed by wildfire. The funding provided in 2007-08 totalled approximately $5.1 million.

Strategy 3.2 Implement aggressive actions in Alberta's forests to manage infestations of disease, weed pests and insects such as the mountain pine beetle, in cooperation with industry and municipal and federal governments.

- Developed the FRIAA Mountain Pine Beetle Grant Program to engage the forest industry in managing the mountain pine beetle infestation. FRIAA administers this program on behalf of the Ministry. Forest companies can access these funds to cover expenses incurred for activities such as beetle training, survey and control, log yard management, seed collection, and protection of tree improvement field sites and orchards.
- Continued aggressive survey activities for mountain pine beetle. Survival surveys conducted throughout the summer of 2007 indicated that the beetle population was static or declining north of Highway 16. This was attributed to prolonged periods of cold winter weather and aggressive control of infested trees. Surveys in southwest Alberta showed a lower beetle mortality rate and a population that was increasing.
- Treated mountain pine beetle infested areas with a variety of tools including prescribed burns, harvesting, single tree treatments (cut-and-burn and cut-and-peel), preventative thinning, and removal of highly susceptible stands.

- Met with the Minister's Mountain Pine Beetle Advisory Committee to discuss the current beetle infestation and strategies to address it. The committee represents a wide cross-section of stakeholders and provides input and advice on issues related to managing mountain pine beetle in Alberta.
- Provided the *Beetle Bulletin* to stakeholders on a monthly basis, which includes updates on the status of Alberta's mountain pine beetle situation and provides information on research initiatives, provincial operations, and upcoming events.
- Provided 22 municipalities with $15 million through the Mountain Pine Beetle Municipal Grant Program to help municipalities manage beetles within their jurisdictions.
- Managed the 310-BUGS information line allowing Albertans to report possible mountain pine beetle infestations.

Strategy 3.3 Sustain Alberta's forests through adaptive forest management planning and practices by government and industry, along with appropriate compliance, assurance and reporting mechanisms.

- Renewed five forest management agreements between the government and forest companies and initiated renewal discussions for six others. These agreements provide companies with rights and obligations to manage, grow and harvest timber in specific areas of the province on a sustained yield basis.

Strategy 3.4 Encourage leading practices in stewardship in Alberta's forests through information, education, outreach and monitoring.

- Delivered 37 courses as part of Forest and Land Management Training at the Ministry's Hinton Training Centre.
- Hired six Junior Forest Ranger crews totalling over 70 individuals. The Junior Forest Ranger Program provides paid summer work experience for youth (ages 16-18) and gives them the opportunity to learn about forest protection, and management of our lands, fish and wildlife as well as other aspects of the Ministry's business in a hands-on manner.
- Involved eight Aboriginal communities in the Aboriginal Junior Forest Ranger Program. The Ministry signed memorandums of understanding with five of these Aboriginal communities to provide for cost-shared Aboriginal Junior Forest Ranger programs.
- Provided $340,000 for a forest hydrology study in the foothills that will help the Ministry gain an understanding of how watersheds may be affected by wildfires and mountain pine beetle infestations.
- Hosted a hydrology workshop that brought together provincial government employees, industry workers and academics to discuss the impacts of mountain pine beetle infestations on groundwater, run-off and the ultimate quality and quantity of water available for downstream users.
- Hosted a technical information session with the Forest Engineering Research Institute of Canada as part of the 2007 Northern Forestry Show in Grande Prairie. The session provided stakeholders with an update on the provincial mountain pine beetle situation and insights into operations within beetle-affected tree stands.
- Handled more than 1,000 inquiries regarding forest management and timber permits in the Ministry's Information Centre.
- Provided Alberta Grade One students with nearly 62,000 tree seedlings in May through the Arbour Day Program, which emphasizes stewardship and conservation.

- Hosted a variety of programs at the Long Lake Outdoor Education Centre. In June, 148 students participated in programs at the centre. In July and August, another 250 young people aged eight to 24 participated in a variety of summer camps. The Long Lake Outdoor Education Centre is a wilderness camping facility operated by the Ministry to provide year-round programming in forest ecology, biodiversity, stewardship, leadership and safe wilderness travel skills for leaders and youth. Its programs engage Albertans in understanding our natural resources, respecting the land, and practising minimal impact recreation.

Strategy 3.5 Support efforts to increase the knowledge and research capacity required to expand opportunities for value-added processing.

- Worked with the Department of Energy to award 10 grants totalling $10.2 million to seven forest companies to investigate opportunities to develop bio-energy plants associated with their mills.
- Provided two Ministry staff to assist with the government's new Agriculture and Forestry Institute. The institute will identify products and practices to make Alberta's agriculture and forestry industries more environmentally friendly, innovative, competitive and profitable.

Strategy 3.6 Ensure Albertans receive a fair return consistent with the resource's value for use of fibre produced on forested public lands.

- Amended the Timber Management Regulation and the Forest Resource Improvement Association of Alberta Regulation regarding sawlog timber dues rates. The dues are partially based on the cost of producing lumber. These costs had escalated since the previous update and no longer reflected market conditions.
- Completed the analysis necessary to amend the Timber Management Regulation regarding dues for timber used to make Oriented Strand Board (OSB). The dues for this wood are determined partially based on the cost of producing OSB. These costs had escalated since the last update and no longer reflected market conditions.

Strategy 3.7 Consult with First Nations regarding forest management activities and authorizations for timber harvesting that have the potential to adversely impact First Nations rights and traditional use of Crown lands.

- Engaged First Nations in consultation regarding the development of forest management plans.

Measure:
Timber Allocation

Methodology:
Annual Allowable Cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit basis or specific forest management agreement area basis.

Information is compiled in a Microsoft Access database to determine the total figure for the entire province. Data from the Timber Production and Revenue System is used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels because it does not contribute to the AAC. A five-year rolling average is used to report the provincial AAC and harvest levels.

Note on reforestation measure in previous business plans:
A measure of reforestation rate in harvested areas was introduced in 2005. The Ministry subsequently determined that additional work was needed to confirm the integrity of the data used to collect results and discontinued the measure. Since 2006, the Ministry has established protocols specifically for collecting information from industry sources and continues to refine management reports taken from the information system. What started as a response to audit recommendations has evolved into a partnership with industry to improve monitoring, sharing and use of reforestation information.

Target: **Harvest does not exceed the annual allowable cut**

Results:

		Year Ending March 31		
		2004-05 Actual	2005-06 Actual	2006-07 Actual
3a)	Gap between forest harvest and the annual allowable cut (millions of cubic metres)	4	5	4

Source: Timber Production and Revenue System (TPRS) and Ministry files

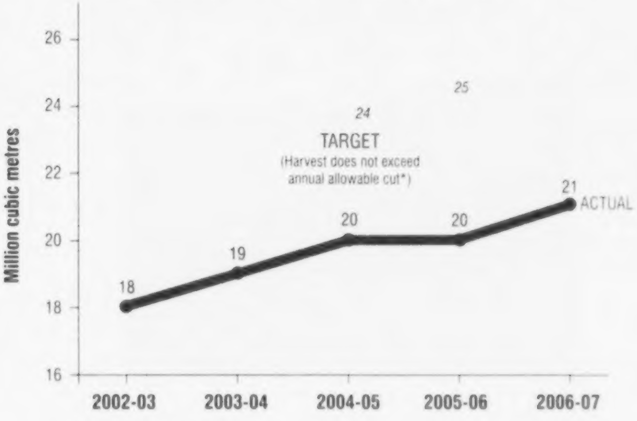
Note: The last actual data available for reporting is from 2006-07.

Analysis:

This measure reflects the Ministry's ability to manage Alberta's timber resources in a sustainable manner. It indicates the status of Alberta's timber stocks by comparing the actual annual timber harvest with the annual amount of timber allowed to be cut in the forested portion of the province. The annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area.

In 2007-08, the target for this measure was met. The most recent available results for 2006-07 indicate that the actual timber harvest (21 million cubic metres) was 4 million cubic metres below the approved annual allowable cut (25 million cubic metres).

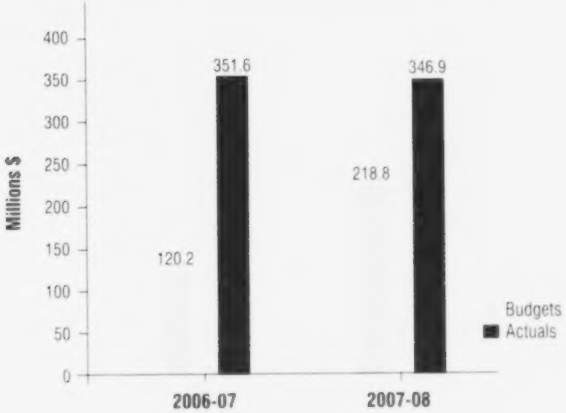
COMPARISON OF ANNUAL ALLOWABLE CUT TO ACTUAL HARVEST



* Annual allowable cut is the amount of timber that can be harvested on a sustainable basis.

FORESTRY BUDGET AND EXPENSES

2006-07 TO 2007-08



The Forestry budget reported in the Ministry's financial statements does not include the approved supplementary estimates of $149 million. Forestry actual expenses exceeded the original budget by $128.1 million or 58.5 per cent. The 2007-08 expenses declined by $4.7 million or 1.3 per cent compared to the 2006-07 expenses. The reduction in Forestry's 2007-08 actual expenses was due to a decline in firefighting costs, as there were fewer large-scale fires and a decrease in the amortization of capital assets. The reduction was offset by a slight increase in expenses to combat mountain pine beetle.

Core Business 3

FISH AND WILDLIFE

Core Business Three: Fish and Wildlife

The Ministry manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Goal 4: Alberta's fish and wildlife resources and their habitats are healthy, productive and sustainable

Strategy 4.1 Manage fish and wildlife through a policy and legislative framework that optimizes the benefits Albertans receive from these resources.

- Continued to manage species at risk through legislation and research by:
  - Listing nine species of fish and plants as endangered or threatened in Alberta's *Wildlife Act* based on the recommendation of the Endangered Species Conservation Committee. This is the first time fish and plants have ever been listed in Alberta. They include: lake sturgeon, stonecat, St. Mary sculpin, western silvery minnow, shortjaw cisco, tiny cryptanthe, small-flowered sand verbena, soapweed and western spiderwort. Once a species is listed, the Ministry needs to assemble a recovery team to develop a recovery plan for the species within a set amount of time. The recovery plan specifies the steps necessary to stabilize declining populations and recover them.
  - Starting to develop *Alberta's Strategy for the Management of Species at Risk (2009-2014)* to direct the Alberta government and partners in managing non-game wildlife and species at risk for the next five years.
- Managed fishing in Alberta by:
  - Approving the continued use of special harvest licences as a way to create harvest opportunities while still promoting the recovery of vulnerable fish stocks on three lakes (Newell, Pigeon and Wolf).
  - Consulting with competitive fishing event organizers and recreational anglers to develop regulations that improve control of tournament fishing to protect fish populations. The Ministry licensed and monitored 69 events in 2007 and recorded over 10,000 participants on 46 water bodies.
  - Providing Albertans with increased angling opportunities and diversity by stocking 264 water bodies with approximately 3.5 million trout. This provides fishing opportunities for approximately 300,000 Alberta and 10,000 non-resident anglers. The trout stocking program receives support from and is conducted in partnership with the Alberta Conservation Association.
  - Selling approximately 240,000 fishing licences for anglers between the ages of 16 and 65 in 2007, about 2,000 more than in 2006.
  - Making major progress in the recovery of a native walleye population in Lac La Biche through the stocking of a record 50 million walleye.

‹ The bighorn sheep is Alberta's provincial mammal. It can be found throughout the mountainous areas of the province.

  - Completing the commercial fishing compensation program started in 2004. The program has been successful in reducing participation in the commercial fishery and improving the Ministry's ability to sustainably manage commercial fishing for ecological and economic benefits. The program has reduced the number of commercial fishing operations from 800 to 158.
- Making domestic licences available to First Nations people and members of Métis Settlements. Domestic fishing licences were also made more readily available to Alberta residents in need by eliminating the fee for licences issued to non-Aboriginal persons. The Ministry met its treaty and legislative obligations to provide for the subsistence food fishery by issuing over 2,100 lake-netting licences.
- Helping release the report of the 2005 National Sportfishing Survey at the beginning of the year. This survey was the seventh in a series of nationally coordinated surveys conducted by Canada's Department of Fisheries and Oceans in partnership with provincial and territorial fisheries agencies. The survey results indicated that over 300,000 anglers were satisfied with their angling opportunities and experiences and were supportive of Alberta's fisheries management programs and regulations.
- Conducting two meetings of the Alberta Fisheries Management Roundtable to identify and address provincial-level issues related to fisheries management and conservation and obtain feedback on proposed actions.
- Managed big-game and fur-bearing species for the economic and social benefit of all Albertans by:
  - Delivering hunting regulations that included expanded hunting opportunities for Albertans, including reducing the minimum age to hunt big game with a rifle from 14 to 12, with adult supervision.
  - Sponsoring the first annual Provincial Hunting Day on September 22, 2007, to raise awareness of hunting as an important wildlife management tool and recreational activity.
  - Working with Alberta trappers to develop a proposal for better managing trapping in the province. The trapping industry wants to address illegal use of trapping cabins, compensation payments for other industries, and sustainable fur management. A change in business practices will benefit Albertans in providing for a sustainable business opportunity within the fur industry for trappers.
  - Providing a wide range of game hunting opportunities for approximately 110,000 hunters. This is a record for the last 10 years and an increase of more than 5,000 from last year. This increase includes a total of 6,275 youth hunters, an increase of 600 from the previous year. Hunters purchased approximately 404,000 hunting licence tags in 2007-08.
  - Receiving a record 221,000 applications for limited hunting opportunities in 2007-08, representing an increase of 8,000 over 2006-07.
- Provided grants to organizations and stakeholders such as:
  - $728,000 to Ducks Unlimited Canada as part of the North American Waterfowl Management Plan as Alberta's portion of a federal-provincial agreement to restore continental waterfowl populations to 1970 levels. Funding is used to conserve wetlands

and associated upland habitats providing healthy environments for wildlife and people.
  - $600,000 to the Foothills Model Forest to provide funding for research into grizzly bear DNA.
  - $350,000 to the Conservation Education W.I.S.E. Foundation (**W**ildlife, **I**n trust, **S**afekeeping, **E**ducation) to assist the foundation in delivering fish and wildlife conservation education programs. The intent is to increase wildlife conservation to preserve fish and wildlife and promote public education and commitment to conservation.
  - $150,000 to the Alberta Fish and Game Association to assist with conservation, the protection of wildlife habitat, and the wise use of fish and wildlife resources.
  - $125,000 to the Alberta Trappers' Association to assist with member communications, trapper compensation, humane trapping, and trapper education programs.

Strategy 4.2 Encourage leading practices in habitat conservation through expanded partnerships with conservation agencies, industry, government and academia.

- Participated in the MULTISAR Program (multiple agencies conserving multiple species at risk), a voluntary program for landholders that provides multispecies landscape-level recovery for endangered, threatened, and non-game species and is being delivered on private and public land. This initiative includes the MULTISAR Information and Education Program, delivered through Alberta's Grade Seven curriculum, and various species brochures, as well as distribution of 3,500 copies this year of *At Home on the Range*, which provides private landholders with information on species at risk and other wildlife and encourages them to be voluntary stewards of those resources.
- Completed the Watercourse Working Agreement to coordinate regulator activities which may affect watercourses identified as critical fish habitat with high sensitivity to disturbance under the *Water Act* Codes of Practice. The working agreement will improve the process for making decisions regarding activities that may directly affect watercourses.
- Continued to work on planning for the Athabasca River Water Management Framework. The water management framework sets limits on water withdrawals from the river associated with industrial activities in the Fort McMurray area.

Strategy 4.3 Develop and implement fish and wildlife management plans and species-at-risk initiatives.

- Completed management plans for the long-billed curlew (special concern), and long-toed salamander (special concern).
- Approved recovery plans for the swift fox (endangered) and grizzly bear (status designation pending) and developed access management strategies within core grizzly bear habitat areas.
- Funded a DNA census of grizzly bears in the foothills and mountain areas south of Highway 3 in southwestern Alberta. This will help to establish a provincial population estimate that will guide conservation efforts. This study will continue until 2010.
- Delivered the Woodland Caribou Recovery Plan through: operation of the Alberta Caribou Committee (involving industry, government and stakeholders), ongoing development of the West Central Caribou Landscape Plan, two new caribou landscape planning processes (Athabasca and Chinchaga), and support and input to the National Caribou Strategy. Woodland caribou are a threatened species in Alberta.

Strategy 4.4 Maintain high levels of compliance with and ensure timely and effective responses to contravention of fish and wildlife legislation by delivering appropriate public education and outreach programs, providing prevention and enforcement programs, and monitoring the use of fish and wildlife resources.

- Hired 11 new fish and wildlife officers who completed the first-ever interprovincial Western Conservation Law Enforcement Academy in Hinton before being deployed throughout the province.
- Checked almost 66,000 people for compliance with fisheries and wildlife legislation.
- Responded to 3,120 complaints of illegal activities related to fisheries and wildlife legislation.
- Took 5,090 enforcement actions as a result of compliance checks and complaint investigations.
- Participated in court proceedings that led to convictions for illegal commerce in black bear parts and walleye. Concluded a long-term undercover operation that resulted in 76 charges against 30 individuals and one business for the illegal harvest of, and commerce in, walleye, moose and deer.
- Expanded the Stream Watch Program to five seasonal officers who patrolled trout streams and rivers in the Grande Cache, Hinton, Nordegg and Sundre areas to educate users as well as prevent and detect fisheries and wildlife infractions. Funding for this partnership was provided by Trout Unlimited, the energy industry, Lethbridge Community College and private individuals.

Strategy 4.5 Minimize adverse human-wildlife interactions that result in threats to human safety or property damage by providing assistance and information to landowners and the general public.

- Responded to nearly 11,000 Albertans who contacted Ministry staff for advice or assistance about problems or concerns with wildlife. There were seven wildlife attacks on humans in 2007-08: three incidents, including one fatality, involving grizzly bears and four incidents involving coyotes.
- Promoted the Alberta BearSmart Program to help reduce conflict between humans and bears through education and awareness of bear behaviour. Bear aversion tactics (including a bear shepherding program using Karelian bear dogs and the use of scare devices to teach bears to avoid campgrounds and residential areas) continued in the Canmore area, as did intercept feeding in the Pincher Creek area (intercept feeding prevents wildlife damage to feed and crops by providing alternative food sources). The Ministry partnered with the City of Fort McMurray to conduct a bear hazard assessment.
- Developed an information campaign to encourage farmers to protect their hay and grain from ungulates. The strategy, which employed news releases, information posters and media interviews, was timed to coincide with efforts to haul and store hay and grain for winter use.

Strategy 4.6 Detect, diminish and manage threats from wildlife diseases and invasive alien species through collaboration with appropriate stakeholders.

- Monitored fish imports and investigated fish deaths from wild and aquaculture operations. In cooperation with Alberta Health and Wellness, monitored and identified summer kills on a number of southern reservoirs and other Alberta waters affected by extreme water temperatures.
- Participated with the national Introductions and Transfers Committee in reviewing new species that might be considered for aquaculture in Alberta, subject to proper licensing and appropriate restrictions.
- Delivered the provincial chronic wasting disease surveillance and control program to manage the impact of the disease on Alberta's wild ungulates (e.g., deer).

Strategy 4.7 Implement *Water for Life: Alberta's Strategy for Sustainability* by establishing place-based objectives and priorities that sustain and protect healthy aquatic ecosystems, in coordination with other Government of Alberta ministries.

- Worked with Environment on its *Water for Life* initiative to promote healthy aquatic ecosystems. Activities included monitoring invasive species, developing instream flow needs guidelines, and determining ways to measure progress.
- Provided information and advice to various watershed planning and advisory councils regarding the setting of objectives and performance measures for assessing aquatic ecosystem health. Activities included development of fisheries management objectives for the North Saskatchewan River, a review of water quality parameters for the Bow River, and work on the instream flow needs project for Lesser Slave Lake and Lesser Slave River.
- Developed an index of biological integrity to measure the health of the aquatic community and used it to assess the relationship between land-use factors (e.g., roads and urbanization) and fish communities in the Battle River watershed. An index of biological or biotic integrity uses "scores" or ratings of key indicators in an ecosystem, rolled up into a single value that informs us of the ecosystem's overall condition.
- Provided advice, recommendations and support for instream flow needs research underway at the Universities of Alberta and Calgary. This research will result in improved understanding of the connection between river flows and biological productivity and improve application of instream flow needs to water management and allocation decisions.
- Provided advice to the Alberta Water Council on wetland policy development, intrabasin water transfer, watershed planning, governance, and renewal.

Strategy 4.8 Work with the Alberta Conservation Association to develop a yearly strategic plan based on confirmed work priorities.

- Monitored and guided the Alberta Conservation Association's work in 2007-08 and helped the association to develop workplans for conserving fish and wildlife in 2008-09.

Strategy 4.9 Identify and initiate critical actions to develop a biodiversity strategy (e.g., planning, delivery and monitoring).

- Launched a world-class biodiversity monitoring program as the foundational element of Alberta's strategy to maintain healthy ecosystems for future generations.
- Led government-wide effort to develop an action plan for managing Alberta's biodiversity. The Biodiversity Action Plan will identify the key actions the Government of Alberta needs to undertake to ensure conservation and sustainable biodiversity. The plan is designed to compliment and reinforce related policy initiatives including Alberta's Land-use Framework and Water for Life.

Strategy 4.10 Consult with First Nations regarding fish and wildlife management changes that have the potential to adversely impact First Nations rights and traditional use of Crown lands.

- Consulted with Aboriginal groups through participation with the Blood Tribe on the Ferruginous Hawk Recovery Team.
- Developed Fisheries Management Consultation Guidelines to assist in the development of regulations.

Measure:
Healthy Sustainable Wildlife Populations

Methodology:
The general status ranking for each wild species in Alberta is based on: population size, population dispersion, population distribution, trend in population, trend in distribution, threats to populations, and threats to habitat. The ranks are: *At Risk, May Be At Risk, Sensitive, Secure, Not Assessed, Exotic/Alien, Extirpated/Extinct,* and *Accidental/Vagrant.* Every five years, these rankings are reviewed by species experts from government, industry, academia, and the general public.

Target: **Less than five per cent of Alberta species will be rated as at risk in a general status of wild species assessment**

Result:

	Year Ending December 31	
	2000 Actual	2005 Actual
4a) Percentage of species at risk	1.4%	2.2%

Source: Ministry files

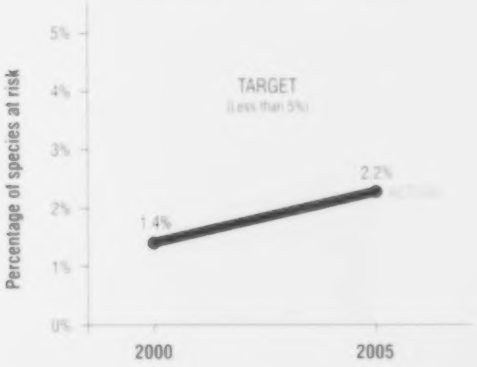
Note: The general status of wild species is being evaluated by Ministry staff on a continuous basis. Wild species populations change relatively slowly, therefore the general status of wild species is summarized and reported every five years, starting in 2000.

Analysis:

The general status of Alberta wild species is conducted to honour commitments under the Accord for the Protection of Species at Risk, an agreement by provincial, territorial, and federal ministers responsible for wildlife. The accord commits the parties to "monitor, assess, and report regularly on the status of all wild species," with the objective of identifying those species that may be in trouble, those for which more information is needed, or those for which a formal status assessment or additional management attention is necessary.

As a performance measure, we use the results of the *General Status of Alberta Wild Species Report*, and express the number of wild species that are "at risk" as a percentage of all those assessed. The most recent results are from 2005. One can see that the percentage of species at risk increased in 2005 relative to 2000. This occurred primarily because several species were assessed by Alberta's Endangered Species Conservation Committee and were found to be either endangered or threatened. The increase, therefore, is more a reflection of enhanced efforts at assessment rather than deteriorating status for most species. The next status review will be completed in 2010.

HEALTHY SUSTAINABLE WILDLIFE POPULATIONS



Target: **More than 40 per cent of Albertans 18 years of age or older derive non-consumptive benefits from wildlife**

Result:

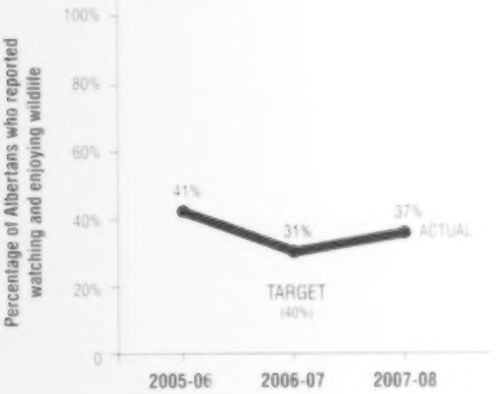
		Year Ending March 31	
	2005-06 Actual	2006-07 Actual	2007-08 Actual
4b) Albertans who reported watching and enjoying wildlife	41%	31%	37%

Source: Annual survey conducted by Ipsos-Reid

Analysis:

This measure is intended to quantify the appreciation Albertans have for and the benefits they derive from non-consumptive use of wildlife. The target was not met in 2007-08. After reviewing the results, determination of a specific cause for the reduction in the number of Albertans who report watching and enjoying wildlife cannot be proven. It is possible that external factors such as rising fuel costs are having a negative influence on the measure's results. Alternatively, the reduction in results in 2006-07, when compared to 2005-06, may be explained by when the survey was conducted. Historically, Sustainable Resource Development has conducted this survey in September, when summer is drawing to a close and outdoor holidays watching and enjoying wildlife may have been top of mind. However, staff changes in 2006-07 resulted in the survey being conducted in March, when winter was just ending and time spent outdoors may have been a distant memory. Approximately half of the decrease between 2005-06 and 2006-07 results was made up in 2007-08, by again conducting the survey in September 2007. This may justify the argument that respondents are being influenced by their seasonal activities. In light of all this, the Ministry decided to discontinue reporting on this measure in its 2008-11 business plan.

BENEFITS FROM WILD SPECIES

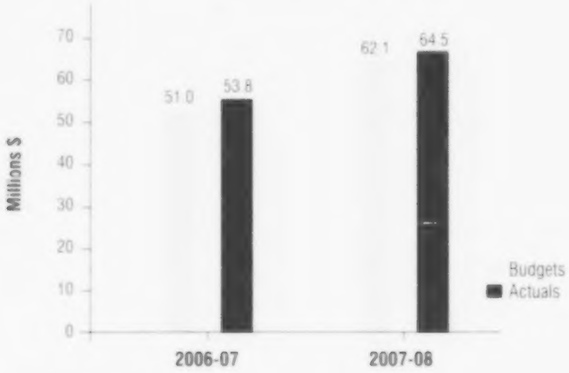


Measure:
Benefits from Wild Species

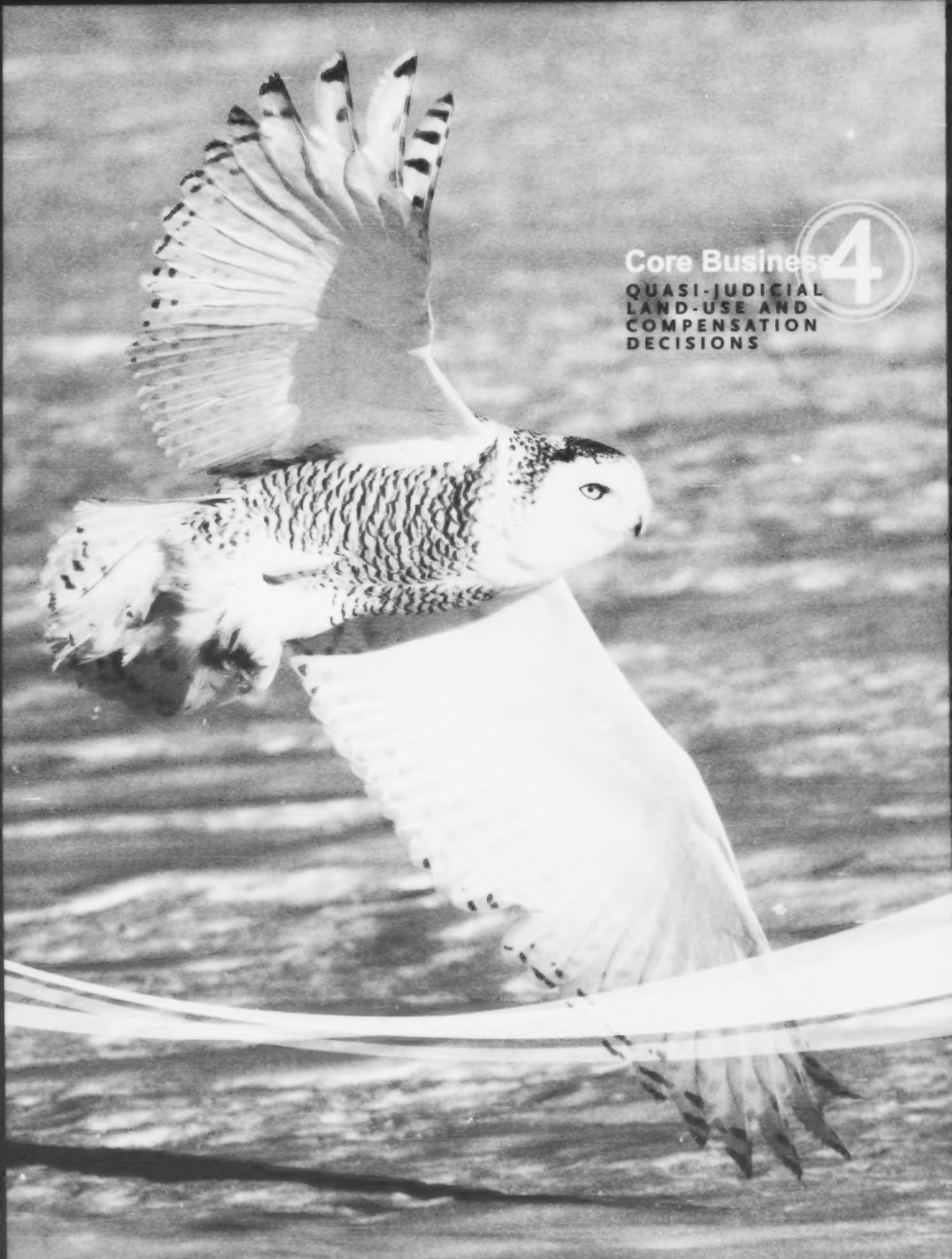
Methodology:
The volume of non-consumptive users of wild species in Alberta is calculated using a public opinion poll consisting of two questions based on a poll developed by Statistics Canada in the study *The Importance of Nature to Canadians*. A telephone survey was administered by Ipsos Reid to 800 adult Albertans within households randomly selected across the province. The sample was drawn in proportion to the populations of five regions (Calgary, Edmonton, Northern Alberta, Central Alberta and Southern Alberta) based on information from Statistics Canada's 2006 census data. The number of respondents who answered "yes" to either of the survey questions is divided by the total number of respondents polled. This percentage is then multiplied by the number of adult Albertans to obtain the result. The results are considered to be accurate to within ±3.5 per cent, at the 95 per cent confidence level.

FISH AND WILDLIFE BUDGET AND EXPENSES

2006-07 to 2007-08



Fish and Wildlife's original budget was overspent by $2.4 million or 3.9 per cent. Similarly, current year expenses were $10.7 million or 19.9 per cent higher than in the previous year. A Treasury Board-approved $1 million supplementary estimate was received to help battle chronic wasting disease in deer. The additional expenses over budget and 2006-07 actual amounts are the result of expanded activities relating to biodiversity monitoring, the hiring of additional fish and wildlife officers, revitalization of Alberta's fisheries, Aboriginal consultation and increased amortization of capital.



Core Business 4

QUASI-JUDICIAL LAND-USE AND COMPENSATION DECISIONS

Core Business Four: Quasi-judicial Land-use and Compensation Decisions

Reporting to the Minister of Sustainable Resource Development, the Ministry's three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. The Natural Resources Conservation Board (NRCB) conducts independent public reviews of major, non-energy, natural resource projects and also regulates new or expanding confined feeding operations. The Surface Rights Board (SRB) conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The Land Compensation Board (LCB) establishes compensation when private land is expropriated by a public authority for projects in the public interest.

Goal 5: Albertans have access to timely, quasi-judicial processes that consider the collective and individual benefits derived from Alberta's natural resources

Strategy 5.1 Provide opportunities for all Albertans to participate in and understand review and hearing procedures.

NRCB

- Published notices inviting public input and participation in project reviews.
- Conducted a joint Natural Resources Conservation Board (NRCB)/ Energy Utilities Board pre-hearing public meeting for the Glacier Power Limited application to construct a 100 megawatt run-of-river hydroelectric project on the Peace River near Dunvegan Bridge. Pre-hearing meetings establish intervener status and address other preliminary matters.
- Finalized a public document to clarify and guide participation in reviews under the *Natural Resources Conservation Board Act*. The *Guide to the Board Review Process* was made available to the public on the board's website along with updated fact sheets and an electronic version of the NRCB's *Guide to Intervener Funding*.

SRB/LCB

- Launched an enhanced website for the Surface Rights Board and Land Compensation Board at www.srblcb.gov.ab.ca. It explains board hearing and review processes, makes board decisions easily accessible, and allows public feedback.
- Published guidelines for following board principles to inform those subject to actions under legislation.

Strategy 5.2 Encourage the use of alternative dispute resolution where appropriate.

- Changed regulations under the *Surface Rights Act* to allow the use of mediation to settle compensation disputes without the need of a hearing, and the adoption of mediated settlement agreements as formal board orders.

‹ The snowy owl is a common Alberta winter resident.

Stragegy 5.3 Deliver timely and effective reviews and hearings, and ensure the resulting documents and reports are issued in a timely manner.

NRCB

- Prepared and issued a joint pre-hearing meeting report within one month of the public meeting on Glacier Power Limited's application to construct a run-of-river 100 megawatt hydroelectric project on the Peace River.
- Improved the efficiency and timeliness of reviews of environmental impact assessments for applications under the *Natural Resources Conservation Board Act* by streamlining and coordinating review schedules and targets with Environment.
- Issued 10 decision reports in 2007-08 and issued the remaining decision report on the first day of 2008-09.
- Received 18 requests for review related to 11 approval officer decisions under the *Agricultural Operation Practices Act*. Each request was reviewed by the board and responded to in a request for review decision report.

SRB/LCB

- Implemented a new system and improved administrative processes of the Surface Rights Board and Land Compensation Board. These changes help automate routine tasks and streamline administration to speed up application processing and decision-making.
- Recruited new board members who represent a diverse cross-section of Alberta's population and are qualified to adjudicate matters before the boards.
- Developed a comprehensive orientation and ongoing professional development program for board members. Focuses include natural justice, the legislative framework, and making and writing decisions.
- Implemented regularly scheduled full board meetings to improve decision-making and efficiency.

Target: **100 per cent of decisions for reviews under the *Natural Resources Conservation Board Act* will be issued within established timelines**

Result:

		Year Ending March 31		
		2005-06 Actual	2006-07 Actual	2007-08 Actual
5a)	Percentage of decisions issued within established timelines[1]	100%	No applicable data	No applicable data

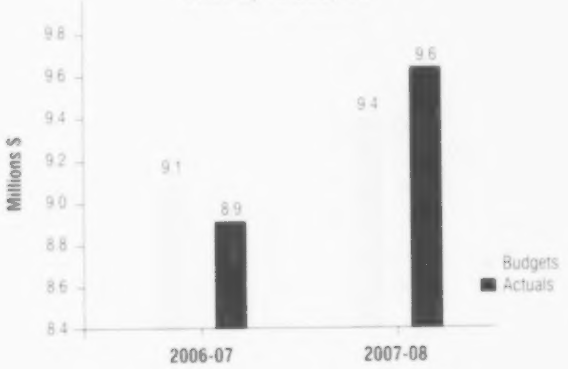
Source: Natural Resources Conservation Board

(1) Decisions arising from Natural Resources Conservation Board Act reviews are to be issued within 80 working days of the conclusion of the review.

Analysis:

The Natural Resources Conservation Board did not issue a decision report under the *Natural Resources Conservation Board Act* during 2007-08. Applicable data for measuring achievement against the stated target is therefore not available. New applications were received during the year, but none of the reviewable applications reached the "decision release" stage in the board's review process.

QUASI-JUDICIAL LAND-USE AND COMPENSATION DECISIONS BUDGET AND EXPENSES
2006-07 TO 2007-08



Expenses supporting quasi-judicial land-use and compensation decisions exceeded budget by $0.2 million or 2 per cent. Comparison with prior year expenses showed an increase of $0.7 million or 8.3 per cent. The increase was due to an increase in Surface Rights Board and Land Compensation Board project costs including an increase in amortization of capital assets.

Measure:
Timeliness of decision processes (Percentage of decisions issued within established timelines for reviews under the *Natural Resources Conservation Board Act)*

Methodology:
Collection of the applicable data is triggered by the issuance of a *Natural Resources Conservation Board Act* decision. As none of the applications before the board reached the decision report stage, there is no available data to measure against the target of issuing decisions within 80 days of review conclusion. Data is recorded for each review as it occurs.

The measure was revised in the *Sustainable Resource Development 2008-11 Business Plan* to include records for the issuance of board decisions under both the *Natural Resources Conservation Board Act* and the *Agriculture Operation Practices Act*. This enhancement is intended to make more data available for measuring results. Results gathered in any reporting year will remain dependent on whether the board completes a review and issues a decision report.

Future Challenges

Environmental Trends: Mountain pine beetles are threatening Alberta's pine forests and the viability of its forest-based communities and industries. Sustainable Resource Development is continuing to take aggressive action to protect the numerous social, economic and environmental values of Alberta's forests (e.g., recreational opportunities, community sustainability, the forest industry, forest health, watersheds, and fish and wildlife habitat), reduce the risk of catastrophic wildfires in beetle-infested areas, and prevent the eastern spread of the beetle in the boreal forest. Outbreaks of other pests and diseases, such as spruce budworm and chronic wasting disease, also require aggressive strategies. Natural environmental conditions that may impact forest health and biodiversity are not completely controllable, and the Ministry will increasingly need to adapt its planning and management approaches to minimize negative consequences.

Forest Industry Sustainability: The value of the Canadian dollar, global market pressures, and increased energy and transportation costs are all affecting the competitiveness of Alberta's forest products industry. North American housing starts are slowing, and this trend is continuing to reduce markets for Alberta wood products.

Agriculture Industry under Pressure: Overall, the number of applications to the Natural Resources Conservation Board for new or expanded confined feeding operations is increasing due to the number of applications from the dairy and poultry industries. However, as a result of economic challenges, Alberta's beef and hog industries are submitting fewer applications, and some manure storage facilities have temporarily closed.

The high value of the Canadian dollar and increasing fuel and fertilizer costs are also affecting Alberta's cow/calf operations, including livestock operations that graze on public land. As a result, the viability of some livestock operations is at risk making it difficult for them to maintain public grazing reserves as expected.

Increasing Public Information and Education on Environmental Matters: Albertans greatly value their natural surroundings for a wide variety of environmental, social and economic factors. An increasing environmental focus, along with Albertans' growing recognition and awareness of the challenges of balancing a healthy environment with a healthy economy, provide an unprecedented opportunity for the Ministry to further encourage environmentally responsible practices and behaviours.

Technology Improvements: Continuing advances in information technology provide greater access to information as well as improvements in efficiency. Sustainable Resource Development is taking steps to modernize its information technology for managing land use and licensing recreational activities such as fishing and hunting to provide Albertans with better service.

Renewable Energy: Sustainable Resource Development is working with other ministries in exploring the feasibility of using wood fibre for bio-energy and bio-products. Bio-fuels can provide alternative energy sources that support rural development, diversify the economy and decrease reliance on fossil fuels.

Managing Growth Pressures: Resource development will continue to be a vital part of the Alberta economy. To support their economic viability and growth, many industries (oil and gas, forestry, agriculture, tourism) require increasing and secure access to public land and its associated natural resources. This means that large numbers of land disposition applications will need to be processed. Land use and growth pressures are also reflected in the Natural Resources Conservation Board's increased activity with natural resource development reviews and issues around agricultural permits and compliance.

Building Organizational Capacity: Alberta employers are facing challenges in attracting qualified workers and retaining existing employees. Whether retaining senior staff or hiring seasonal workers such as those for wildfire or mountain pine beetle operations, Sustainable Resource Development faces similar recruitment and retention challenges as other Alberta employers in this province's tight job market.

FINANCIAL INFORMATION

77 Financial Overview

79 Auditor's Report for *Ministry of Sustainable Resource Development* Consolidated Financial Statements

80 *Ministry of Sustainable Resource Development* Consolidated Statement of Operations

81 *Ministry of Sustainable Resource Development* Consolidated Statement of Financial Position

82 *Ministry of Sustainable Resource Development* Consolidated Statement of Cash Flows

91 Schedules to *Ministry of Sustainable Resource Development* Consolidated Financial Statements

94 Auditor's Report for *Department of Sustainable Resource Development* Financial Statements

95 *Department of Sustainable Resource Development* Statement of Operations

96 *Department of Sustainable Resource Development* Financial Position

97 *Department of Sustainable Resource Development* Statement of Cash Flows

106 Schedules to *Department of Sustainable Resource Development* Financial Statements

114 Auditor's Report for *Environmental Protection and Enhancement Fund* Financial Statements

115 *Environmental Protection and Enhancement Fund* Statement of Operations

116 *Environmental Protection and Enhancement Fund* Statement of Financial Position

117 *Environmental Protection and Enhancement Fund* Statement of Cash Flows

122 Schedules to *Environmental Protection and Enhancement Fund* Financial Statements

124 Auditor's Report for *Natural Resources Conservation Board* Financial Statements

125 *Natural Resources Conservation Board* Statement of Operations

126 *Natural Resources Conservation Board* Statement of Financial Position

127 *Natural Resources Conservation Board* Statement of Cash Flows

132 *Natural Resources Conservation Board* Schedule of Allocated Costs

133 *Department of Sustainable Resource Development* Unaudited Statement of Remissions, Compromises and Write-offs

Financial Overview

The province's robust economy, the relentless advance of the mountain pine beetle, forest fires, chronic wasting disease, and activity in support of developing a Land-use Framework ensured that 2007-08 was a busy year for Sustainable Resource Development.

SUMMARY

$199.9 million of revenue was earned. $484.3 million expenses excluding statutory expenses were incurred. Supplementary estimates of $152.6 million were authorized.	The Ministry budgeted revenue of $171.5 million and actually received $199.9 million. Expenses of $357.4 million were originally budgeted and an additional $152.6 million was provided by the Alberta Sustainability Fund providing total spending authority of $510.0 million of which only $484.3 million was actually spent. The Alberta Sustainability Fund provided funding as a result of emergency conditions related to the mountain pine beetle infestation and fighting wildfires.

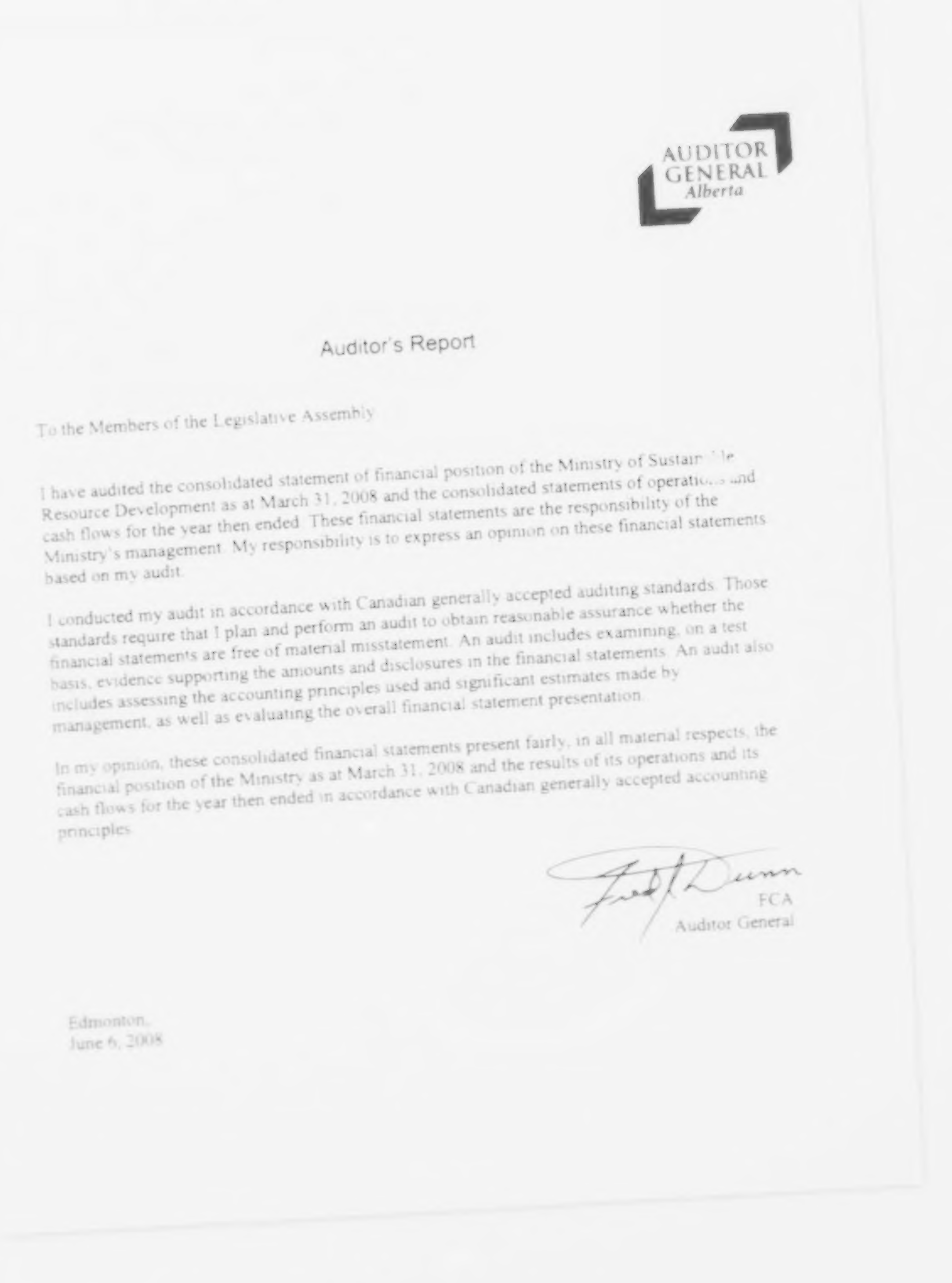
REVENUE

Revenue increased $61.9 million.	Actual revenue increased $61.9 million from $137.9 million in 2006-07 to $199.9 million in 2007-08.
The Government of Canada paid $65.6 million to the Government of Alberta related to the softwood lumber export tax and $8 million for assistance related to the mountain pine beetle infestation.	Transfers from the Government of Canada increased by $72.5 million from $5.9 million in 2006-07 to $78.4 million in 2007-08. $65.6 million related to the Softwood Lumber Export Tax Agreement. A tax is collected from producers by the Government of Canada on softwood lumber exports to the United States when the market price exceeds a specified amount. This tax, less an administrative fee, is returned to the Government of Alberta. $8 million related to increased funding under the Federal Mountain Pine Beetle Program. $1.1 decrease in reimbursements for fighting fires on federal lands. Under an agreement with the Government of Canada, Sustainable Resource Development is reimbursed for providing forest fire protection services on Aboriginal lands and on the Cold Lake Air Weapons Range.
Investment income decreased $0.5 million.	Investment income decreased $0.5 million from $5.4 million in 2006-07 to $4.9 million in 2007-08, mainly due to a lower cash balance in the Environmental Protection and Enhancement Fund that resulted from withdrawals for fighting mountain pine beetle infestation and wildfires. The fund provides funding in support of environmental protection, enhancement, and emergencies, such as fighting wildfires and the mountain pine beetle infestation.
Premiums, fees and licences decreased by $13.9 million.	Premiums, fees, and licences primarily related to land and grazing revenue as well as timber rental and fees decreased by $13.9 million from $121.5 million in 2006-07 to $107.6 million in 2007-08, largely due to lower dues on harvested beetle and fire-killed timber.

Revenue from other sources increased $3.8 million.	Revenue from other sources including sale of non-capital land increased $3.8 million from $5.1 million in 2006-07 to $8.9 million in 2007-08, as a result of the growth in the oil and gas industry.

EXPENSES

Expenses increased $14 million	Actual expenses excluding statutory expenses increased $14 million from $470.3 million in 2006-07 to $484.3 million in 2007-08.
Forestry expenses decreased $5.3 million.	Forestry expenses (which represent 70 per cent of total expenses) decreased by $5.3 million from $344.2 million in 2006-07 to $338.9 million in 2007-08, primarily due to the lack of large scale wildfires that contributed to reduced wildfire fighting activities. This allowed the Ministry to consolidate actions to protect the health of Alberta's forests and improve the long-term viability of the forestry industry. These actions included the initiation of a healthy pine forest strategy to reduce "at-risk" pine trees and the harvesting of beetle-infested and highly susceptible pine stands.
Expenses for activities related to Lands increased $7.7 million.	During the year, the Ministry made a huge step towards providing a vision for an integrated sustainable land-use approach by drafting the much anticipated Land-use Framework.
Expenses related to Fish and Wildlife activities increased $10.3 million.	Fish and Wildlife expenses increased $10.3 million from $52.7 million in 2006-07 to $63.0 million in 2007-08, primarily due to increased expenses related to the chronic wasting disease program, ungulate and animal control program, and [illegible]ing for enforcement officers. A world-class biodiversity monitoring institute was also launched.
Expenses related to Quasi-judicial Land-use and Compensation Decisions, Ministry Support Services and Environmental Statutory programs increased $1.3 million.	Expenses related to Quasi-judicial Land-use and Compensation Decisions, Ministry Support Services and Environmental Statutory Programs increased by $1.3 million from $21.5 million in 2006-07 to $20.2 million in 2007-08, mainly as a result of increased staffing costs.



AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development as at March 31, 2008 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn
FCA
Auditor General

Edmonton,
June 6, 2008

Consolidated Statement of Operations

Year Ended March 31, 2008

(in thousands)

	2008		2007
	Budget (Note 12)	Actual	Actual
Revenues (Note 2b)			
Transfers from Government of Canada (Note 9)	$ 56,113	$ 78,411	$ 5,905
Investment Income	2,625	4,869	5,408
Premiums, Fees and Licences	108,625	107,647	121,512
Other Revenue	4,098	8,940	5,149
	171,461	199,867	137,974
Expenses (Schedule 1)			
Forestry	212,046	338,861	344,198
Lands	61,318	60,921	53,228
Fish and Wildlife	60,178	63,015	52,691
Quasi-judicial Land Use and Compensation Decisions	9,359	9,636	8,852
Ministry Support Services	9,621	10,393	9,256
Environment Statutory Programs	3,775	1,434	2,066
	356,297	484,260	470,291
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	(121)	(56)
Provision for Vacation Pay	400	712	526
	1,055	591	470
	357,352	484,851	470,761
Gain (Loss) on Disposal of Tangible Capital Assets and Nominal Sum Disposals	4,000	4,202	3,542
Net Operating Results	$ (181,891)	$ (280,782)	$ (329,245)

The accompanying notes and schedules are part of these financial statements

Consolidated Statement of Financial Position

March 31, 2008

(in thousands)

	2008	2007
ASSETS		
Cash (Note 3)	$ 203,195	$ 161,950
Accounts Receivable (Note 4)	26,268	13,627
Inventories	4,391	4,739
Tangible Capital Assets (Note 5)	232,811	215,966
	$ 466,665	$ 396,282
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 64,118	$ 51,552
Unearned Revenue	39,178	41,886
	103,296	93,438
NET ASSETS		
Net Assets at Beginning of Year	302,844	355,594
Net Operating Results	(280,782)	(329,245)
Net Financing Provided from (for) General Revenues	341,307	276,495
Net Assets at End of Year	363,369	302,844
	466,665	396,282

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31, 2008

(in thousands)

	2008	2007
Operating Transactions		
Net Operating Results	$ (280,782)	$ (329,245)
Non-cash items included in Net Operating Results		
Amortization	7,082	6,911
Loss (Gain) on Disposal of Tangible Capital Assets	(2,923)	(3,542)
Nominal Sum Disposals	(1,279)	-
Valuation Adjustments	591	470
	(277,311)	(325,406)
Decrease (Increase) in Accounts Receivable	(12,520)	12,320
Decrease (Increase) in Inventories	348	210
Increase (Decrease) in Accounts Payable and Accrued Liabilities	11,854	18,153
Increase (Decrease) in Unearned Revenue	(2,707)	2,144
Cash Provided by (Applied to) Operating Transactions	(280,336)	(292,579)
Capital Transactions		
Acquisition of Tangible Capital Assets	(18,384)	(37,141)
Disposal of Tangible Capital Assets	4,283	3,686
Transfer of Tangible Capital Assets from Other Government Entities	(5,625)	(106)
Cash Provided by (Applied to) Capital Transactions	(19,726)	(33,561)
Financing Transactions		
Net Financing Provided from (for) General Revenues	341,307	276,495
Cash Provided by (Applied to) Financing Transactions	341,307	276,495
Increase (Decrease) in Cash	41,245	(49,645)
Cash, Beginning of Year	161,950	211,595
Cash, End of Year	$ 203,195	$ 161,950

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the Government Organization Act and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization	**Authority**
The Department of Sustainable Resource Development	Government Organization Act Boundary Surveys Act Wildlife Act Fisheries (Alberta) Act Forests Act Forest and Prairie Protection Act Forest Reserves Act Mines and Minerals Act Public Lands Act Surveys Act
Environmental Protection and Enhancement Fund	Environmental Protection and Enhancement Act
Natural Resources Conservation Board	Natural Resources Conservation Board Act
Surface Rights Board	Surface Rights Act
Land Compensation Board	Expropriation Act

The goals of the Ministry's core businesses are:

Forestry - The Ministry provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Lands – The Ministry manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Ministry manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and nonconsumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land Use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Ministry's three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. The **Natural Resources Conservation Board** conducts independent public reviews of projects that may affect natural resources of Alberta and also regulates new or expanding confined feeding operations. The **Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The **Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standards for government summary financial statements have been modified to more appropriately reflect the nature of the Ministry.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board. The financial statement of the Department of Sustainable Resource Development includes the activities of Surface Rights and the Land Compensation Boards.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis, except for revenues related to surface material leases and land disturbance charges for mineral surface leases which are recorded on a cash basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs comprise the cost of employer contributions for current service of employees during the year;
- Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values for these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, i.e. reclamation. When the Ministry is obligated to incur such liabilities, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Ministry's financial statements is disclosed.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

NOTE 3 CASH

(in thousands)

Cash mainly consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. At March 31, 2008, securities held by the CCITF have an effective market yield of 4.81% per annum (March 31, 2007, 4.36% per annum).

	2008	2007
CCITF Cash	$ 189,962	$ 157,324
Cash in Transit	10,381	2,121
Other Cash	2,852	2,505
	$ 203,195	$ 161,950

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 28,218	$ (1,950)	$ 26,268	$ 13,627

Accounts Receivable are unsecured and interest bearing at various rates.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Buildings	Equipment	Computer Hardware and Software	Other	2008 Total	2007 Total
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Cost**							
Beginning of year	$ 119,347	$ 45,947	$ 54,755	$ 20,944	$ 75,669	$ 316,662	$ 279,821
Additions	5,625	-	6,684	1,143	12,924	26,376	37,272
Disposals, including write-downs		(2,560)	(212)	(205)	-	(2,977)	(431)
	$ 124,972	$ 43,387	$ 61,227	$ 21,882	$ 88,593	$ 340,061	$ 316,662
Accumulated Amortization							
Beginning of year	$ -	$ 15,309	$ 12,787	$ 11,923	$ 60,677	$ 100,696	$ 94,049
Amortization expense	-	808	2,844	1,308	2,122	7,082	6,911
Effect of disposals	-	(111)	(212)	(205)	-	(528)	(264)
	$ -	$ 16,006	$ 15,419	$ 13,026	$ 62,799	$ 107,250	$ 100,696
Net Book Value at March 31, 2008	$ 124,972	$ 27,381	$ 45,808	$ 8,856	$ 25,794	$ 232,811	
Net Book Value at March 31, 2007	$ 119,347	$ 30,638	$ 41,968	$ 9,021	$ 14,992		$ 215,966

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.

"Other" consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

***Historical cost includes work-in-progress at March 31, 2008 totaling $8,343 comprised of equipment $4,365; computer hardware and software $730; and other $3,248.*

NOTE 6 ENVIRONMENTAL LIABILITIES

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants is currently working on a project to develop recommendations regarding the scope, recognition, measurement and disclosure of environmental liabilities.

The Ministry will adopt the recommendations when they are issued by PSAB.

At March 31, 2008, the Ministry continued to investigate the extent of work and costs required on all sites for which it may have reclamation obligations.

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

		2008		2007
Service Contracts	$	64,917	$	86,252
Long-Term Leases		4,716		5,801
Grants		1,092		125
	$	70,725	$	92,178

The aggregate amounts payable for unexpired terms of these contractual obligations are:

		Service Contract		Long-Term Leases		Grants		Total
2009	$	30,123	$	2,461	$	512	$	33,096
2010		9,609		1,419		465		11,493
2011		6,042		660		115		6,817
2012		4,315		176		-		4,491
Thereafter		14,828		-		-		14,828
	$	64,917	$	4,716	$	1,092	$	70,725

NOTE 8 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2008 the Ministry is a defendant in twenty legal claims (2007 – twenty-one legal claims). Fifteen of these claims have specified amounts totalling $1,430,194 and the remaining five have no specified amounts (2007- seventeen claims with specified amounts totalling $1,030,207 and four with no specified amount). Included in the total legal claims are seven claims totalling $1,417,780 and three claims with no specified amounts (2007 – five claims totalling $618,000 and one claim with no specified amount) in which the Ministry has been jointly named with other entities. Nine claims totalling $11,100 are covered by the Alberta Risk Management Fund (2007 - nine claims totalling $13,701).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal claims to recover amounts spent on fighting wildfires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 9 REVENUES

The Softwood Lumber Agreement, 2006 requires the Minister of Natural Revenue of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of $US355 the export tax rate is 0 per cent. As the CFLPI falls below $US355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent when the CFLPI level falls below $US315. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. Recorded in Transfers from the Government of Canada is $23.8 million for the Softwood Lumber transfer which was paid by the Government of Canada in January 2008 for the period October, 2006 to March 31, 2007.

The Ministry received $34.7 million for the nine month period ended December 31, 2007 and has accrued $7.1 million for the three month period ended March 31, 2008. The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

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At March 31, 2008 trust funds under administration were:

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Performance Deposit Trust	743	244
Forests Act Securities General Trust	3,768	4,439
	$ 19,637	$ 16,517

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes:

	2008	2007
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Performance Deposit Trust	7,377	3,792
Forests Act Securities General Trust	3,131	4,736
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NOTE 11 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $10,042* for the year ended March 31, 2008 (2007 – annual contribution of $8,730).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – deficiency of $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 – surplus of $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – surplus of $3,698).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 – surplus of $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – actuarial surplus of $10,148). The expense for these two plans is limited to employer's annual contributions for the year.

*Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 12 RESTATEMENT OF BUDGET FIGURES

The budget reported on the Consolidated Statement of Operations includes the figures from the 2007-2008 Estimates and a budget transfer of $950,000 for infrastructure planning purposes from the Ministry of Infrastructure and Transportation pursuant to the *Appropriation Act*, 2007, section 5(4)(a).

NOTE 13 COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses Directly Incurred Detailed by Object

Year Ended March 31, 2008

Schedule 1

(in thousands)

	2008				2007	
		Budget (Note 12)		Actual		Actual
Voted						
Salaries, Wages and Employee Benefits	$	162,462	$	173,779	$	160,604
Supplies and Services		156,478		258,152		280,629
Grants		25,180		43,294		20,529
Financial Transactions and Other		52		81		78
Consumption of Inventory		2,600		1,872		1,540
Amortization of Capital Investment		9,525		7,082		6,911
	$	356,297	$	484,260	$	470,291
Statutory						
Valuation Adjustments						
Provision for (Recovery of) Doubtful Accounts	$	655	$	(121)	$	(56)
Provision for Vacation Pay		400		712		526
	$	1,055	$	591	$	470

Related Party Transactions

Year Ended March 31, 2008

Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2008	**2007**
Revenues		
Fees and Charges	35	72
Net Operating Results	$ 35	$ 72
Expenses – Directly Incurred		
Grants	$ 1,213	$ 332
Other Services	8,554	7,500
	$ 9,767	$ 7,832
Tangible Capital Assets Transferred	$ 5,625	$ 106
Receivable From	$ -	$ -
Payable To	$ -	$ 89

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Other Entities	
	2008	**2007**
Expenses – Incurred by Others		
Accommodation	$ 22,857	$ 18,708
Air Transportation	159	17
Legal	1,433	1,102
Administration Costs	4,591	4,379
	$ 29,040	$ 24,206

Allocated Costs

Year Ended March 31, 2008

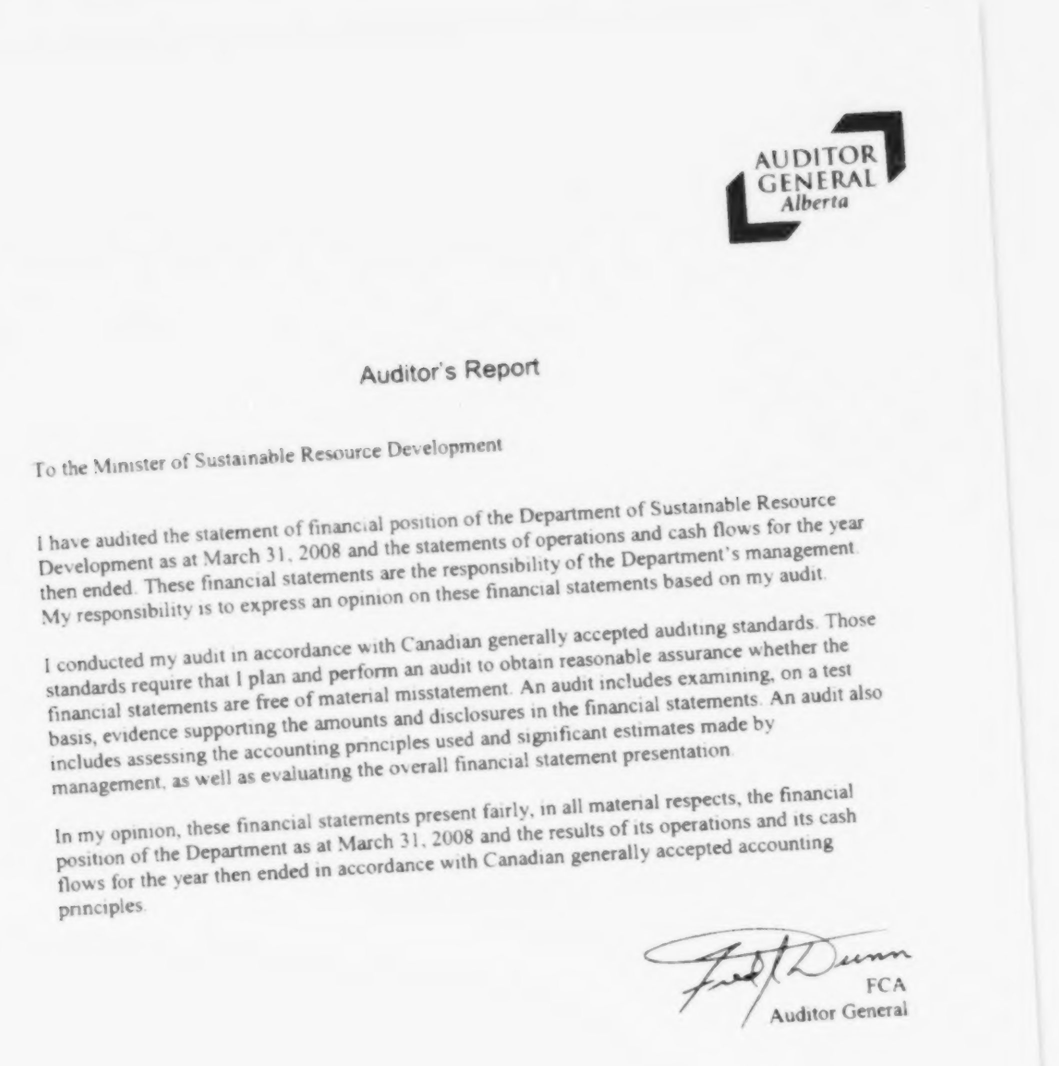
Schedule 3

(in thousands)

	2008								2007
		Expenses – Incurred by Others				Valuation Adjustments			
Program	Expenses (1)	Accommodation Costs	Administration Costs (2)	Air Transportation	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Forestry	$ 338,861	$ 10,746	$ 3,211	$ 99	$ 294	$ 199	$ (10)	$ 353,400	$ 359,063
Lands	60,921	4,817	584	-	525	326	(110)	67,063	57,201
Fish and Wildlife	63,015	5,087	603	-	288	(98)	-	68,895	56,624
Quasi-judicial Land-use and Compensation Decisions	9,636	1,185	94	-	-	36	-	10,951	9,465
Ministry Support Services	10,393	1,022	99	60	326	249	(1)	12,148	10,548
Environment Statutory Programs	1,434	-	-	-	-	-	-	1,434	2,066
	$ 484,260	$ 22,857	$ 4,591	$ 159	$ 1,433	$ 712	$ (121)	$ 513,891	$ 494,967

(1) Expenses – Directly Incurred per Consolidated Statement of Operations, excluding valuation adjustments.

(2) Amount includes Administration for $4,544 and Corporate Internal Audit Services (CIAS) for $47.



AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton,
June 6, 2008

Statement of Operations

Year Ended March 31, 2008

(in thousands)

	2008		2007
	Budget (Note 11 & Schedule 4)	Actual	Actual
Revenues (Note 2b, Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (42,768)	$ (122,948)	$ (59,786)
Remission of Surplus from the Environmental Protection and Enhancement Fund	29,413	123,628	51,479
Transfers from the Government of Canada	56,113	78,411	5,905
Fees, Permits and Licences	108,625	107,648	121,512
Investment Income	15	54	21
Other Revenue	3,697	7,587	3,943
	155,095	194,380	123,074
Expenses – Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	9,621	10,393	9,256
Forestry	199,546	335,103	331,658
Lands	61,318	60,921	53,228
Fish and Wildlife	60,098	62,934	52,611
Quasi-judicial Land-use and Compensation Decisions	9,315	9,804	9,171
	339,898	479,155	455,924
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	(121)	(56)
Provision for (Decrease of) Vacation Pay	400	712	526
	1,055	591	470
Total Expenses	340,953	479,746	456,394
Gain (Loss) on Disposal of Tangible Capital Assets	4,000	4,202	3,542
Net Operating Results	$ (181,858)	$ (281,164)	$ (329,778)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

March 31, 2008

(in thousands)

		2008		2007
ASSETS				
Cash	$	15,554	$	6,705
Accounts Receivable (Note 3)		109,870		65,908
Inventories		4,391		4,739
Tangible Capital Assets (Note 4)		232,678		215,806
	$	362,493	$	293,158
LIABILITIES				
Accounts Payable and Accrued Liabilities (Note 5)	$	115,044	$	103,333
Unearned Revenue		36,561		39,080
		151,605		142,413
NET ASSETS				
Net Assets at Beginning of Year		150,745		204,028
Net Operating Results		(281,164)		(329,778)
Net Financing Provided from (for) General Revenues		341,307		276,495
Net Assets at End of Year		210,888		150,745
	$	362,493	$	293,158

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2008

(in thousands)

	2008	2007
Operating Transactions		
Net Operating Results	$ (281,164)	$ (329,778)
Non-cash items included in Net Operating Results		
Amortization	7,041	6,868
Loss (Gain) on Disposal of Tangible Capital Assets	(2,923)	(3,542)
Nominal Sum Disposals	(1,279)	-
Valuation Adjustments	591	470
	(277,734)	(325,982)
Decrease (Increase) in Accounts Receivable	(43,840)	55,485
Decrease (Increase) in Inventories	348	210
Increase (Decrease) in Accounts Payable and Accrued Liabilities	10,999	23,118
Increase (Decrease) in Unearned Revenue	(2,519)	2,735
Cash Provided by (Applied to) Operating Transactions	(312,746)	(244,434)
Capital Transactions		
Acquisition of Tangible Capital Assets	(18,370)	(37,083)
Proceeds from Disposal of Tangible Capital Assets	4,283	3,671
Transfer of Tangible Capital Assets from Other Government Entities	(5,625)	(106)
Cash Provided by (Applied to) Capital Transactions	(19,712)	(33,518)
Financing Transactions		
Net Financing Provided from (for) General Revenues	341,307	276,495
Cash Provided by (Applied to) Financing Transactions	341,307	276,495
Increase (Decrease) in Cash and Cash Equivalents	8,849	(1,457)
Cash and Cash Equivalents, Beginning of Year	6,705	8,162
Cash and Cash Equivalents, End of Year	$ 15,554	$ 6,705

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Department of Sustainable Resource Development (the Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statues of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
The Department of Sustainable Resource Development	Government Organization Act Boundary Surveys Act Wildlife Act Fisheries (Alberta) Act Forests Act Forest and Prairie Protection Act Forest Reserves Act Mines and Minerals Act Public Lands Act Surveys Act
Surface Rights Board	Surface Rights Act
Land Compensation Board	Expropriation Act

The goals of the Department's Core businesses are:

Forestry - The Department provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management and forest industry practices.

Lands – The Department manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Department manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and nonconsumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land Use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Department's quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. **The Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. **The Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standards for government summary financial statements have been modified to more appropriately reflect the nature of the Department.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis, except for revenues related to surface material leases and land disturbance charges for mineral surface leases which are recorded on a cash basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers
(in thousands)

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

The Department transfers all revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 to the Environmental Protection and Enhancement Fund. The Environmental Protection and Enhancement Fund transfers any equity in excess of $150,000 to Alberta Finance through the Department of Sustainable Resource Development.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets;
- Pension costs comprise the cost of employer contributions for current service of employees during the year;
- Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees, and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, i.e. reclamation. When the Department is obligated to incur such costs, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Department's financial statements is disclosed.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

NOTE 3 ACCOUNTS RECEIVABLE

(in thousands)

	2008			2007
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 111,477	$ (1,950)	$ 109,527	$ 65,011
Refund from Suppliers	343	-	343	897
	$ 111,820	$ (1950)	$ 109,870	$ 65,908

Accounts Receivable are unsecured and interest bearing at various rates.

NOTE 4 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Buildings	Equipment	Computer Hardware and Software	Other	2008 Total	2007 Total
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Cost**							
Beginning of year	$ 119,347	$ 45,947	$ 54,429	$ 20,600	$ 75,669	$ 315,992	$ 279,044
Additions	5,625	-	6,684	1,129	12,924	26,362	37,213
Disposals, including write-downs		(2,560)	(207)	(92)	-	(2,859)	(265)
	$ 124,972	$ 43,387	$ 60,906	$ 21,637	$ 88,593	$ 339,495	$ 315,992
Accumulated Amortization							
Beginning of year	$ -	$ 15,309	$ 12,572	$ 11,628	$ 60,677	$ 100,186	$ 93,430
Amortization expense	-	808	2,823	1,288	2,122	7,041	6,868
Effect of disposals	-	(111)	(207)	(92)	-	(410)	(112)
	$ -	$ 16,006	$ 15,188	$ 12,824	$ 62,799	$ 106,817	$ 100,186
Net Book Value at March 31, 2008	$ 124,972	$ 27,381	$ 45,718	$ 8,813	$ 25,794	$ 232,678	
Net Book Value at March 31, 2007	$ 119,347	$ 30,638	$ 41,857	$ 8,972	$ 14,992		$ 215,806

Land includes land acquired for building sites, infrastructure and other program use.

Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.

"Other" consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works and traffic control devices).

***Historical cost includes work-in-progress at March 31, 2008 totalling $8,343 comprised of: equipment $4,365; computer hardware and software $730; and other $3,248.*

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2008	2007
Payable to Environmental Protection and Enhancement Fund	$ 72,710	$ 61,349
Accrued Liabilities	13,033	20,716
Accounts Payable General	15,646	8,324
Vacation Pay	13,655	12,944
	$ 115,044	$ 103,333

NOTE 6 ENVIRONMENTAL LIABILITIES

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants is currently working on a project to develop recommendations regarding the scope, recognition, measurement and disclosure of environmental liabilities.

The Department will adopt the recommendations when they are issued by PSAB.

At March 31, 2008, the Department continued to investigate the extent of work and costs required on all sites for which it may have reclamation obligations.

NOTE 7 CONTRACTUAL OBLIGATIONS

(in thousands)

	2008	2007
Service Contracts	$ 22,387	$ 27,016
Long-term Leases	4,294	4,751
Grants	592	125
	$ 27,273	$ 31,892

The aggregate amounts payable for unexpired terms of these contractual obligations are as follows:

	Service Contract	Leases	Grants	Total
2009	$ 16,500	$ 2,182	$ 312	$ 18,994
2010	1,181	1,319	265	2,765
2011	855	626	15	1,496
2012	853	167	-	1,020
Thereafter	2,998	-	-	2,998
	$ 22,387	$ 4,294	$ 592	$ 27,273

NOTE 8 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2008 the Department is a defendant in twenty legal claims (2007 – twenty-one legal claims). Fifteen of these claims have specified amounts totalling $1,430,194 and the remaining five have no specified amounts (2007 – seventeen claims with specified amounts totalling $1,030,207 and four with no specified amounts). Included in the total legal claims are seven claims totalling $1,417,780 and three claims with no specified amounts (2007 – five claims totalling $618,000 and one claim with no specified amount) in which the Department has been jointly named with other entities. Nine claims totalling $11,100 are covered by the Alberta Risk Management Fund (2007 - nine claims totalling $13,701).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2008 trust funds under administration were as follows:

	2008	2007
Geophysical General Trust	$ 3,114	$ 1,422
Miscellaneous General Trust (Lands)	12,012	10,412
Performance Deposit Trust	743	244
Forests Act Securities General Trust	3,768	4,439
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In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2008	2007
Miscellaneous General Trust (Lands)	$ 18,661	$ 15,209
Performance Deposit Trust	7,377	3,792
Forest Acts Securities General Trust	3,131	4,736
	$ 29,169	$ 23,737

NOTE 10 DEFINED BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $9,716* for the year ended March 31, 2008 (2007 – annual contributions of $8,458).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341 (2006 – deficiency of $6,765) and the Public Service Pension Plan reported a deficiency of $92,070 (2006 – surplus of $153,024). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $1,510 (2006 – surplus of $3,698).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2008, the Bargaining Unit Plan reported an actuarial deficiency of $6,319 (2007 – surplus of $153) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,874 (2007 – actuarial surplus of $10,148). The expense for these two plans is limited to employer's annual contributions for the year.

*Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 11 RESTATEMENT OF BUDGET FIGURES

The budget reported on the Statement of Operations, and the estimates figures reported in Schedules 4 and 5 include the figures from the 2007-2008 Estimates and a budget transfer of $950,000 for infrastructure planning purposes from the Ministry of Infrastructure and Transportation pursuant to the *Appropriation Act*, 2007, section 5(4)(a).

NOTE 12 COMPARATIVE FIGURES

Certain 2007 figures have been reclassified to conform to the 2008 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

(in thousands)

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Revenues

Year Ended March 31, 2008

Schedule 1

(in thousands)

	2008		2007
	Budget (Note 11 & Schedule 4)	Actual	Actual
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	$ (42,768)	$ (122,948)	$ (59,786)
Remission of Surplus from Environmental Protection and Enhancement Fund	29,413	123,628	51,479
	(13,355)	680	(8,307)
Transfers from the Government of Canada*			
Various	56,113	78,411	5,905
Investment Income	15	54	21
Fees, Permits and Licences (Note 2b)			
Timber Royalties and Fees	39,900	34,888	51,263
Land and Grazing	57,950	62,322	60,122
Other	10,775	10,438	10,127
	108,625	107,648	121,512
Other Revenue			
Refunds of Expenses	3,697	2,379	1,105
Various	-	5,208	2,838
	3,697	7,587	3,943
	$ 155,095	$ 194,380	$ 123,074

*The Softwood Lumber Agreement, 2006 requires the Minister of Natural Revenue of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of $US355 the export tax rate is 0 per cent. As the CFLPI falls below $US355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent when the CFLPI level falls below $US315. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. Recorded in Transfers from the Government of Canada is $23.8 million for the Softwood Lumber transfer which was paid by the Government of Canada in January 2008 for the period October, 2006 to March 31, 2007.

The Department received $34.7 million for the nine month period ended December 31, 2007 and has accrued $7.1 million for the three month period ended March 31, 2008. The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

Dedicated Revenue Initiatives

Year Ended March 31, 2008

Schedule 2

(in thousands)

	2008		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) / Excess
Research from Wildfire Cost Recovery	$ 50	$ 50	$ -
Forestry Youth Program	300	246	(54)
National Forest Inventory	-	44	44
Hinton Training Centre	200	215	15
Smoky Lake Tree Improvement Centre	100	102	2
Spatial Data Warehouse	4,200	4,137	(63)
Public Lands	15,950	14,938	(1,012)
Fish and Wildlife	1,100	458	(642)
	$ 21,900	$ 20,190	$ (1,710)

Research from Wildfire Cost Recovery - EnCana started making five annual payments in 2005-06 to support research programs for wildfire suppression. This payment is part of a claim settlement for wildfire suppression expenses.

Forestry Youth Programs - Forestry Youth Employment Initiatives are delivered by SRD in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields. The initiatives include Junior Forest Rangers, Aboriginal Junior Forest Rangers and the Long Lake Camp Education Programs.

National Forest Inventory - Federal funding is available to the province for its participation in the implementation of the National Forestry initiatives which can assist with critical provincial information update, implementation of associated provincial programs, such as the Alberta Biodiversity Monitoring Program, and evaluate processes to capture and enhance required information pertaining to forest resources.

The **Hinton Training Centre** initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Smoky Lake Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace Region.

The **Spatial Data Warehouse** initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Public Lands - Public Lands Management and Grazing Reserves revenues come from the collection of fees for various dispositions, e.g., grazing, surface, etc., established pursuant to the *Public Lands Act*.

The **Fish and Wildlife** initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2008

Schedule 3

(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Voted			
Salaries, Wages and Employee Benefits	$ 160,023	$ 150,609	$ 123,881
Supplies and Services	138,936	100,869	62,130
Grants	28,812	218,683	261,427
Financial Transactions and Other	52	81	78
Consumption of Inventory	2,600	1,872	1,540
Amortization of Capital Assets	9,475	7,041	6,868
Total Voted Expense before Recoveries	339,898	479,155	455,924
	$ 339,898	$ 479,155	$ 455,924
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	(121)	(56)
Provision for (Decrease of) Vacation Pay	400	712	526
	$ 1,055	$ 591	$ 470

Budget

Year Ended March 31, 2008

Schedule 4

(in thousands)

	2007-2008 Estimates (a)	Adjustments (b)	2007-2008 Budget	Authorized Supplementary (c)	2007-2008 Authorized Budget
Revenues (Schedules 1 and 2)					
Transfer to Environmental Protection and Enhancement Fund	$ (42,768)	$ -	$ (42,768)	$ -	$ (42,768)
Remission of Surplus from the Environmental Protection and Enhancement Fund	29,413	-	29,413	-	29,413
Transfers from Government of Canada	56,113	-	56,113	-	56,113
Premiums, Fees, and Licenses	108,625	-	108,625	-	108,625
Investment income	15	-	15	-	15
Other Revenue	3,697	-	3,697	-	3,697
	155,095	-	155,095	-	155,095
Expenses - Directly Incurred					
Voted Operating Expenses					
Ministry Support Services	9,621	-	9,621	256	9,877
Forestry	199,546	-	199,546	148,475	348,021
Lands	61,318	-	61,318	670	61,988
Fish and Wildlife	60,098	-	60,098	1,969	62,067
Quasi-judicial Land-use and Compensation Decisions	9,315	-	9,315	230	9,545
Dedicated Revenue Shortfall (Schedule 2)	-	(1,710)	(1,710)	-	(1,710)
	339,898	(1,710)	338,188	151,600	489,788
Statutory Expenses					
Valuation Adjustments and Other Provisions					
Provision for Doubtful Accounts	655	-	655	-	655
Provisions for Vacation Pay	400	-	400	-	400
Total Expenses	1,055	-	1,055	-	1,055
Gain (Loss) on Disposal of Tangible Capital Assets	4,000	-	4,000	-	4,000
Net Operating Results	$ (181,858)	$ (1,710)	$ (180,148)	$ (151,600)	$ (331,748)
Equipment/Inventory Purchases (EIP)	$ 5,777	$ -	$ 5,777	$ 1,000	$ 6,777
Capital Investment	$ 26,200	$ -	$ 26,200	$ 1,153	$ 27,353
Non-Budgetary Disbursements	$ 4,000	$ -	$ 4,000	$ -	$ 4,000

(a) 2007-08 Estimates reflect the transfer of $950,000 for infrastructure planning purposes from Infrastructure and Transportation, pursuant to the *Appropriation Act*, 2007, section 5(4)(a).

(b) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that actual voted Operating/Equipment Inventory Purchases and Capital Investment in the prior year exceeded that authorized, the difference is known as an encumbrance which reduces the budgeted amount voted in the current year.

(c) Supplementary Estimates were approved on July 17, 2007, October 17, 2007 and October 20, 2007. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act.

Comparison of Expenses - Directly Incurred, Equipment Inventory Purchases and Capital Investments and Statutory Expenses by Element to Authorized Budget

Year Ended March 31, 2008

Schedule 5

(in thousands)

Voted OP/EIP and Capital Investments	2007-2008 Estimates (a)	Adjustments (b)	2007-2008 Budget	Authorized Supplementary (c)	2007-2008 Authorized Budget	2007-2008 Actual (d)	Unexpended (Over Expended)
Ministry Support Services							
1.0.1 Minister's Office	$ 415	$ -	$ 415	$ 10	$ 425	$ 309	$ 116
1.0.2 Deputy Minister's Office	544	-	544	16	560	548	12
1.0.3 Communications							
Operating	1,318	-	1,318	26	1,344	1,290	54
Equipment/Inventory Purchases	-	-	-	-	-	-	-
1.0.4 Human Resources	2,217	-	2,217	54	2,271	2,235	36
1.0.5 Finance and Administration							
Operating	5,070	-	5,070	150	5,220	5,933	(713)
Equipment/Inventory Purchases	40	-	40	-	40	101	(61)
1.0.6 Amortization of Capital Assets	57	-	57	-	57	78	(21)
	9,661	-	9,661	256	9,917	10,494	(577)
Forestry							
2.0.1 Forest Protection							
Operating	114,227	-	114,227	118,444	232,671	219,166	13,505
Equipment/Inventory Purchases	3,853	-	3,853	500	4,353	3,301	1,052
Capital Investment	26,200	-	26,200	1,153	27,353	14,034	13,319
2.0.2 Forest Management							
Operating	75,435	-	75,435	30,031	105,466	109,059	(3,593)
Equipment/Inventory Purchases	-	-	-	-	-	365	(365)
2.0.3 Amortization of Capital Assets	9,884	-	9,884	-	9,884	6,878	3,006
	229,599	-	229,599	150,128	379,727	352,803	26,924
Lands							
3.0.1 Public Land Management							
Operating	55,801	-	55,801	670	56,471	58,112	(1,641)
Equipment/Inventory Purchases	1,102	-	1,102	300	1,402	1,904	(502)
3.0.2 Amortization of Capital Assets	1,517	-	1,517	-	1,517	1,530	(13)
3.0.3 Nominal Sum Disposals	4,000	-	4,000	-	4,000	1,279	2,721
	62,420	-	62,420	970	63,390	62,825	565
Fish and Wildlife							
4.0.1 Resource Management and Enhancement							
Operating	59,481	-	59,481	1,969	61,450	62,510	(1060)
Equipment/Inventory Purchases	782	-	782	200	982	983	(1)
4.0.2 Amortization of Capital Assets	617	-	617	-	617	424	193
	60,880	-	60,880	2,169	63,049	63,917	(868)
Quasi-judicial Land-use and Compensation Decisions							
5.0.1 Natural Resources Conservation Board	6,971	-	6,971	180	7,151	6,171	980
5.0.2 Surface Rights and Land Compensation Boards	2,344	-	2,344	50	2,394	3,630	(1,236)
Equipment/Inventory Purchases	-	-	-	-	-	5	(5)
Amortization of Capital Assets	-	-	-	-	-	3	(3)
	9,315		9,315	230	9,545	9,809	(264)
Dedicated Revenue Shortfall	-	(1,710)	(1,710)	-	(1,710)	-	(1,710)
Total	$ 371,875	(1,710)	370,165	153,753	523,918	499,848	24,070
Operating Expense	$ 339,898	$ (1,710)	$ 338,188	$ 151,600	$ 489,788	$ 479,155	$ 10,633
Equipment/Inventory Purchases	5,777	-	5,777	1,000	6,777	6,659	118
	345,675	(1,710)	343,965	152,600	496,565	485,814	10,751
Capital Investment	26,200	-	26,200	1,153	27,353	14,034	13,319
	$ 371,875	$ (1,710)	$ 370,165	$ 153,753	$ 523,918	$ 499,848	$ 24,070
Statutory Expense - Valuation Adjustments	$ 1,055	$ -	$ 1,055	$ -	$ 1,055	$ 591	$ 464

(a) 2007-08 Estimates reflect the transfer of $950,000 for infrastructure planning purposes from Infrastructure and Transportation, pursuant to the Appropriation Act, 2007, section 5(4)(a).

(b) Adjustments include encumbrances and dedicated revenue shortfalls. In the event that OP/EIP and Capital Investments in the prior year exceeded that authorized, the difference is known as an encumbrance which reduces the budgeted amount for voted OP/EIP and Capital Investment in the current year.

(c) Supplementary Estimates were approved on July 17, 2007, October 17, 2007 and on October 30, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*..

(d) Includes achievement bonus amounting to $2.018 million.

Salary and Benefits Disclosure

Year Ended March 31, 2008

Schedule 6

	2008				2007
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	
CURRENT EXECUTIVES					
Deputy Minister (4)(7)	$ 230,520	$ 39,500	$ 56,547	$ 326,567	$ 280,804
Assistant Deputy Ministers					
Fish and Wildlife (6)	163,092	27,999	9,074	200,165	195,813
Forestry (5)(6)	175,944	27,044	5,468	208,456	213,052
Lands	164,736	34,450	24,555	223,741	219,888
Finance and Administration (6)	157,104	34,821	38,931	230,856	216,630
Sustainable Resource and Environment Management (6)	145,776	51,434	36,578	233,788	198,048
Executive Directors					
Corporate Business Support	134,868	22,000	8,308	165,176	175,627
Human Resource Services	123,192	21,200	30,857	175,249	157,884

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payments, and lump sum payments.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pensions, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances.

(5) The Assistant Deputy Minister retired on April 1, 2007 and was rehired on an employment contract basis.

(6) Other cash benefits include vacation payments to the Assistant Deputy Minister, Forestry - $25,544; Assistant Deputy Minister, Fish and Wildlife - $4,999; Assistant Deputy Minister, Sustainable Resource and Environment Management - $25,134; and the Assistant Deputy Minister, Finance and Administration - $6,621.

(7) Effective March 13, 2008 a new Deputy Minister was appointed. The information provided above pertains to the former Deputy Minister's salary and benefits from April 1, 2007 to March 31, 2008. The benefits reported include actual achievement bonus to be paid by the Ministry of Solicitor General and Public Security. The current Deputy Minister's salary and benefits will be reported in the Ministry of Solicitor General and Public Security's Annual Report.

Related Party Transactions

Year Ended March 31, 2008

Schedule 7

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenues				
Grants	$ 123,628	$ 51,479	$ -	$ -
Fees and Charges	-	-	21	52
	$ 123,628	$ 51,479	$ 21	$ 52
Expenses – Directly Incurred				
Grants	$ 200,565	$ 247,859	$ 1,213	$ 332
Other Services	-	-	7,084	5,434
	$ 200,565	$ 247,859	$ 8,297	$ 5,766
Tangible Capital Assets Transferred	$ -	$ -	$ 5,625	$ 106
Receivable From	$ 83,629	$ 52,291	$ -	$ -
Payable To	$ 72,710	$ 61,349	$ -	$ 89

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions were estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Expenses – Incurred by Others				
Accommodation	$ -	$ -	$ 22,469	$ 18,336
Administration Costs	-	-	4,591	4,379
Air Transportation	-	-	159	17
Legal	-	-	1,433	1,102
	$ -	$ -	$ 28,652	$ 23,834

Allocated Costs

Year Ended March 31, 2008

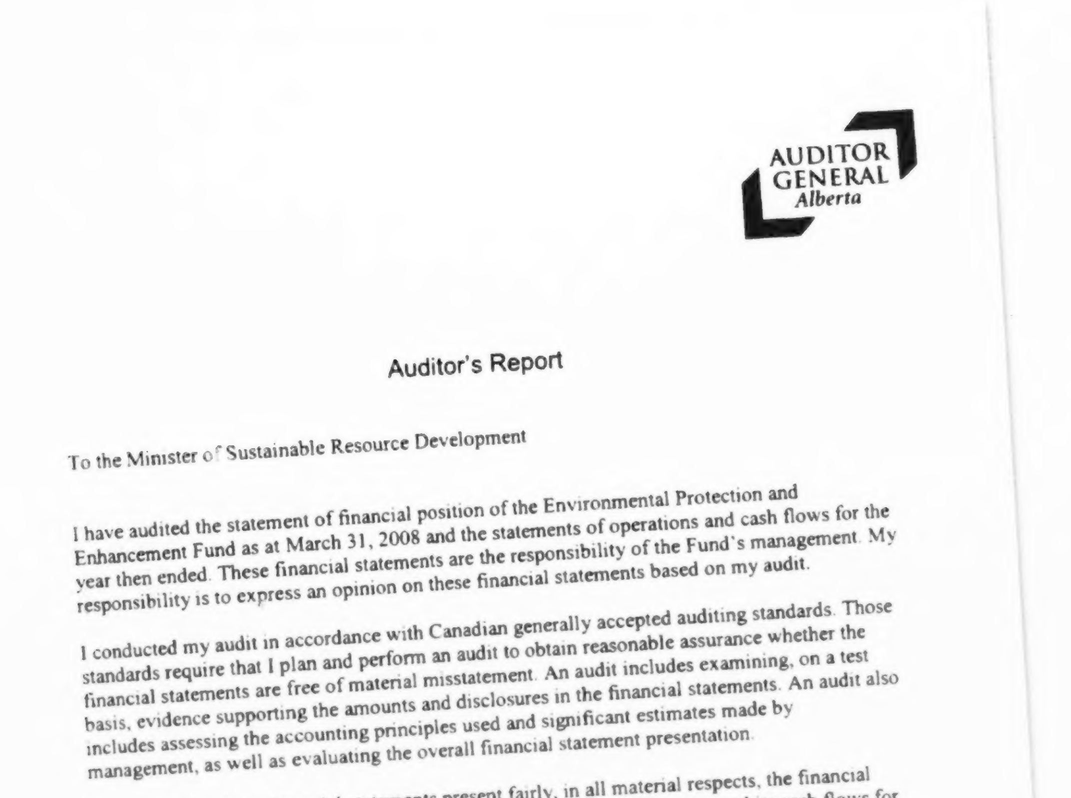
Schedule 8

(in thousands)

	2008								2007
		Expenses – Incurred by Others				Valuation Adjustments			
Program	Expenses (1)	Accommodation Costs	Administration Costs (2)	Air Transportation	Legal Services	Vacation Pay	Doubtful Accounts	Expenses	Expenses
Ministry Support Services	$ 10,393	$ 1,022	$ 99	$ 60	$ 326	$ 249	$ (1)	$ 12,148	$ 10,548
Forestry	335,103	10,746	3,211	99	294	199	(10)	349,642	346,503
Lands	60,921	4,817	584	-	525	326	(110)	67,063	57,214
Fish and Wildlife	62,934	5,087	603	-	288	(98)	-	68,814	56,551
Quasi-judicial Land-use and Compensation Decisions	9,804	797	94	-	-	36	-	10,731	9,412
	$ 479,155	$ 22,469	$ 4,591	$ 159	$1,433	$ 712	$ (121)	$ 508,398	$ 480,228

(1) Expenses – Directly Incurred per Statement of Operations, excluding valuation adjustments.

(2) Amount includes Administration for $4,544 and Corporate Internal Audit Services (CIAS) for $47.



AUDITOR GENERAL *Alberta*

Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn
FCA
Auditor General

Edmonton, Alberta
June 6, 2008

Environmental Protection and Enhancement Fund

Statement of Operations

Year Ended March 31, 2008

(in thousands)

	2008 Budget	2008 Actual	2007 Actual
Revenues			
Transfer from the Department of Sustainable Resource Development (Note 7)	$ 59,556	$ 317,342	$ 301,569
Investment Income	2,600	4,605	5,195
Other Revenue	400	1,349	1,185
	62,556	323,296	307,949
Expenses			
Environment Statutory Programs	3,775	1,434	2,066
Natural Resources Emergency Program			
Forest Fires	28,788	123,274	207,326
Forest Health Program	500	74,880	46,998
Intercept Feeding and Fencing	80	80	80
	33,143	199,668	256,470
Net Operating Results	$ 29,413	$ 123,628	$ 51,479

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

March 31, 2008

(in thousands)

	2008	2007
ASSETS		
Cash (Note 3)	$ 184,787	$ 152,740
Accounts Receivable (Note 4)	72,754	61,354
	$ 257,541	$ 214,094
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 104,924	$ 61,289
Unearned Revenue	2,617	2,805
	107,541	64,094
NET ASSETS		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	123,628	51,479
Transfer to Department	(123,628)	(51,479)
Net Assets at End of Year (Note 6)	150,000	150,000
	$ 257,541	$ 214,094

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year Ended March 31, 2008

(in thousands)

	2008	2007
Operating Transactions		
Net Operating Results	$ 123,628	$ 51,479
Decrease (Increase) in Accounts Receivable	(11,400)	(8,970)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	43,635	(39,156)
Increase (Decrease) in Unearned Revenue	(188)	(592)
Cash Provided by (Applied to) Operating Transactions	155,675	2,761
Financing Transactions		
Transfer to Department	(123,628)	(51,479)
Cash Provided by (Applied to) Financing Transactions	(123,628)	(51,479)
Net Cash Provided (Used)	32,047	(48,718)
Cash and Cash Equivalents, Beginning of Year	152,740	201,458
Cash and Cash Equivalents, End of Year	$ 184,787	$ 152,740

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statues of Alberta 2000.

The components of the Fund are:

Natural Resources Emergency Program
- Wildfire Suppression - Wildfire Management
- Forest Health
- Intercept Feeding and Fencing Program
- Land Reclamation

NOTE 2 SUMMARY OF SIGNIFICANT OF ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standards for government summary financial statements have been modified to more appropriately reflect the nature of the Fund.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The Ministry's Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 CASH

Cash consists of a deposit in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital.

The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. At March 31, 2008, securities held by the CCITF have an effective market yield of 4.81% per annum (March 31, 2007, 4.36% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2008	2007
Department of Sustainable Resource Development	$ 72,710	$ 61,349
Other	44	5
	$ 72,754	$ 61,354

NOTE 5 CONTRACTUAL OBLIGATIONS

(in thousands)

	2008	2007
Service Contracts	$ 42,530	$ 59,236
Long-term Leases	422	1,050
Grants	500	-
	$ 43,452	$ 60,286

The aggregate amounts payable for unexpired terms of these contractual obligations is as follows:

	Service Contract	Leases	Grants	Total
2009	$ 13,623	$ 279	$ 200	$ 14,102
2010	8,428	100	200	8,728
2011	5,187	34	100	5,321
2012	3,462	9	-	3,471
Thereafter	11,830	-	-	11,830
	$ 42,530	$ 422	$ 500	$ 43,452

NOTE 6 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	2008	2007
Revenue in Excess of Department's Base Revenue (a)	$ 122,948	$ 59,786
Mountain Pine Beetle	82,607	46,457
Forest Fires	111,787	195,326
	$ 317,342	$ 301,569

(a) All revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of $51,482 (2007 - $51,482)

NOTE 8 SALARY AND BENEFIT DISCLOSURE

The province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

NOTE 9 BUDGET FIGURES

The revenue and expenses budget amounts disclosed in these financial statements agree with the 2007-2008 Government Estimates.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2008

Schedule 1

(in thousands)

	2008		2007
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 3,847	$ 18,396	$ 32,298
Supplies and Services	25,521	156,096	217,212
Grants	3,775	25,176	6,960
Total Expenses	$ 33,143	$ 199,668	$ 256,470

Related Party Transactions

Year Ended March 31, 2008

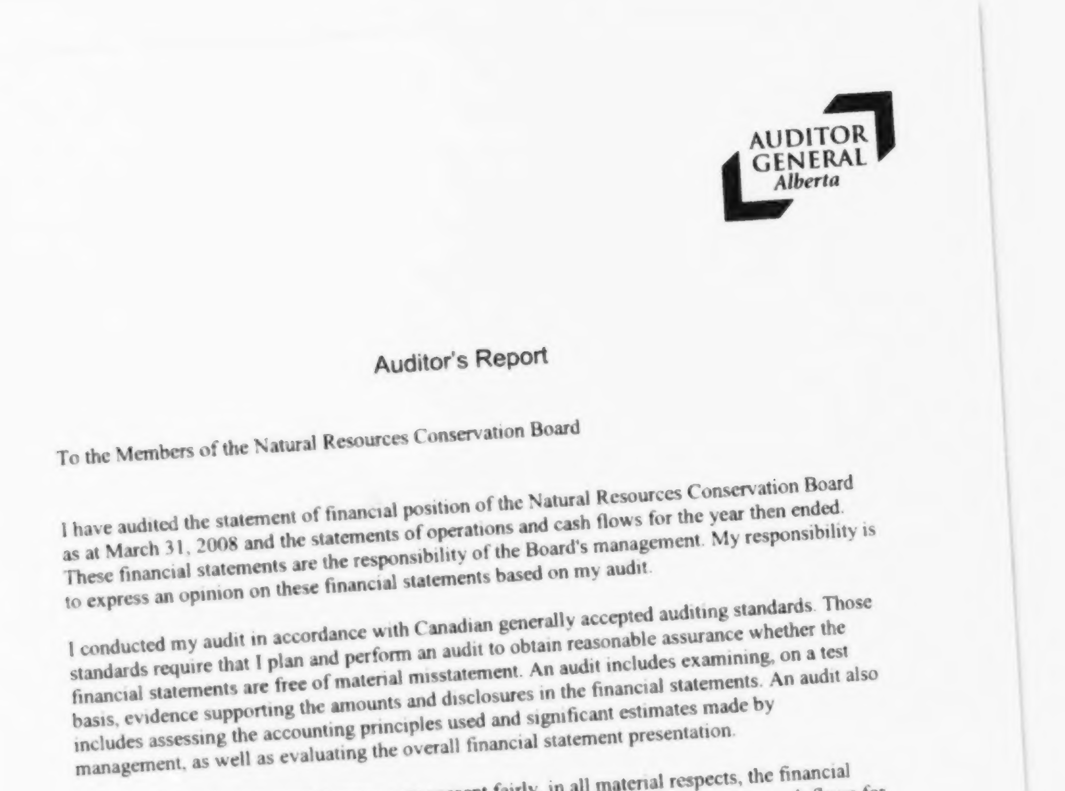
Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2008	2007	2008	2007
Revenues				
Transfer from the Department	$ 122,948	$ 59,786	$ -	$ -
Grants from the Department	194,394	241,783	-	-
	$ 317,342	$ 301,569	$ -	$ -
Expenses – Directly Incurred				
Other Services	$ -	$ -	$ 1,470	$ 2,066
Receivable From	$ 72,710	$ 61,349	$ -	$ -
Payable To	$ 83,629	$ 52,291	$ -	$ -



AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2008 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn
FCA
Auditor General

Edmonton, Alberta
May 8, 2008

Statement of Operations

For the Year Ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenues			
Transfer from the Department of Sustainable Resource Development	$ 6,971,000	$ 6,171,000	$ 6,076,000
Interest	10,000	210,884	191,963
Other	1,000	3,865	21,394
	6,982,000	6,385,749	6,289,357
Expenses - Directly Incurred (Note 2b)			
Salaries and Benefits	5,279,400	4,773,973	4,425,149
Travel	712,750	554,205	518,081
Office	501,600	385,481	445,659
Consulting Services	352,000	137,275	201,416
Telecommunications	87,000	81,695	87,110
Amortization of Tangible Capital Assets	50,000	40,876	43,154
Advertising	32,250	29,945	36,095
	7,015,000	6,003,450	5,756,664
Net Operating Results	$ (33,000)	$ 382,299	$ 532,693

The accompanying notes and schedules of allocated costs are part of these financial statements.

Statement of Financial Position

As at March 31, 2008

	2008	2007
ASSETS		
Cash (Note 3)	$ 2,852,707	$ 2,505,082
Accounts Receivable	2,776	3,732
Tangible Capital Assets (Note 4)	133,016	160,086
	$ 2,988,499	$ 2,668,900
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 506,538	$ 569,238
NET ASSETS		
Net Assets at Beginning of Year	2,099,662	1,566,969
Net Operating Results	382,299	532,693
Net Assets at End of Year	2,481,961	2,099,662
	$ 2,988,499	$ 2,668,900

The accompanying notes and schedules of allocated costs are part of these financial statements.

Statement of Cash Flows

For the Year Ended March 31, 2008

	2008	2007
Operating Transactions		
Net Operating Results	$ 382,299	$ 532,693
Non-cash item included in Net Operating Results:		
Amortization of Tangible Capital Assets	40,876	43,154
	423,175	575,847
Decrease (increase) in Accounts Receivable	956	(374)
Decrease in Accounts Payable and Accrued Liabilities	(62,700)	(1,149)
Cash Provided by Operating Transactions	361,431	574,324
Capital Transactions		
Proceeds on Sale of Tangible Capital Assets	-	14,738
Acquisition of Tangible Capital Assets	(13,806)	(58,702)
Cash Applied to Capital Transactions	(13,806)	(43,964)
Increase in Cash	347,625	530,360
Cash, Beginning of Year	2,505,082	1,974,722
Cash, End of Year	$ 2,852,707	$ 2,505,082

The accompanying notes and schedules of allocated costs are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (the NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the NRCB. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are disclosed in Note 7 and in Schedule of Allocated Costs.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost. The threshold for capitalizing new tangible capital assets is $4,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer hardware	Straight line – 3 years
Computer software	Straight line – 2 to 3 years
Office equipment	Declining balance – 20 per cent per year
Office furniture	Declining balance – 20 per cent per year

(d) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

(e) Valuation of Financial Assets and Liabilities

The fair values of accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

(f) Pension Expense

Multi-employer defined benefit plans are accounted for as defined contribution plans, the expense being limited to the employer's annual contributions for the year.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund. The Fund is managed by the Province of Alberta to provide interest income at competitive rates to depositors while maintaining maximum security and liquidity of depositors' capital. The Fund is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The average effective yield for fiscal 2008 was 4.81 per cent (2007: 4.36 per cent).

NOTE 4 TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization.

	2008			2007
	Cost	Accumulated Amortization	Net	Net
Computer hardware	$ 212,739	$ 171,440	$ 41,299	$ 45,173
Computer software	33,151	30,729	2,422	4,844
Office equipment	53,961	31,050	22,911	28,568
Office furniture	265,688	199,304	66,384	81,501
	$ 565,539	$ 432,523	$ 133,016	$ 160,086

NOTE 5 PENSION

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contributions of $81,333 for the year ended March 31, 2008 (2007: $64,704).

At December 31, 2007, the Management Employees Pension Plan reported a deficiency of $84,341,000 (2006: $6,765,000). At December 31, 2007, the Supplementary Retirement Plan for Public Service Managers had a surplus of $ 1,510,000 (2006: $3,698,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $220,042 for the year ended March 31, 2008 (2007: $204,113). Pension expense comprises the cost of employer contributions during the year.

NOTE 6 SALARIES AND BENEFITS

	2008				2007
	Base Salary(a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Chair (d)(e)(g)	$ 119,316	$ 28,638	$ 29,081	$ 177,035	$ 137,420
Board Member 1(e)	111,245	9,544	30,385	151,174	141,385
Board Member 2(e)	85,752	7,460	23,601	116,813	105,903
Board Member 3(f)	82,243	7,069	25,776	115,088	90,779
CEO(g)	152,592	24,683	36,667	213,942	203,626

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(a) Base salary includes regular base pay.

(b) Other cash benefits include bonuses, health benefits, pay-in-lieu and vacation pay-in-lieu. Bonuses are based on estimates as final amounts have not yet been approved.

(c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Energy Resources Conservation Board (ERCB) flexible health benefit plan.

(d) The Chair receives an automobile allowance that is included in other non-cash benefits.

(e) The position is 80 per cent permanent part-time.

(f) The position is 60 per cent permanent part-time.

(g) Bonus for fiscal year 2007 was revised to reflect the actual amounts paid.

NOTE 7 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management of the NRCB.

The NRCB received $6,171,000 (2007: $6,076,000) in net transfers from the Department of Sustainable Resource Development and $210,884 (2007: $191,963) in revenue from other Government of Alberta departments. During the year, the NRCB paid $50,941 (2007: $50,538) and received $0 (2007: $14,738) to/from various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $3,633 (2007: $4,661) as payable to various government entities.

In addition, the NRCB entered into the following transactions which are not reflected in the Statement of Operations:

> Certain expenses for office space incurred on behalf of the NRCB by Alberta Infrastructure. These expenses amount to approximately $387,586 (2007: $372,493) and are reflected in the Schedule of Allocated Costs.
>
> The NRCB has a Memorandum of Understanding (MOU) with the ERCB to share resources on an-ongoing basis and a Secondment Exchange Agreement (SEA) which expired on March 31, 2008. Under the MOU and SEA, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $161,162 (2007: $113,917) in services to the ERCB. As a service recipient, the NRCB received services from the ERCB of $14,370 (2007: $20,320).
>
> These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 8 BUDGET

The budget was included in the 2007-08 Government Estimates. The budget was approved by the Board on May 31, 2007.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Chair and CEO.

Schedule of Allocated Costs

March 31, 2008

	2008				2007
		Expenses incurred by others			
AOPA and NRCBA Mandates	Expenses	Office Costs[1]	Shared Services[1]	Total Expenses	Total Expenses
Board (2)	$ 1,166,443	$ 75,306	$ -	$ 1,241,749	$ 1,140,541
Operations (3)	4,837,007	312,280	14,370	5,163,657	5,008,936
	$ 6,003,450	$ 387,586	$ 14,370	$ 6,405,406	$ 6,149,477

(1) See Note 7, Related Party Transactions.

(2) Board comprises expenses related to AOPA appeals and NRCBA reviews, and agreements with the ERCB shown in Note 7.

(3) Operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates. NRCBA applications include the following projects: Birch Mountain Hammerstone Quarry, Glacier Power Dunvegan Hydroelectric, Revised Highwood Diversion Plan, Arclin Sexsmith Formaldehyde Plant, Hazco/AST Sulphur Forming and Storage Facility, and past and potential projects, and agreements with the ERCB shown in Note 7.

Department of Sustainable Resource Development

Unaudited Statement of Remissions, Compromises and Write-Offs

Year Ended March 31, 2008

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*		$ -
Compromises under Section 22 of the *Financial Administration Act*		-
Write-offs		
Departmental Accounts Receivable	938,330.78	
Department Accounts Payable Credits	-	938,330.78
Total Write-offs		938,330.78
Total Remissions, Compromises and Write-offs		$ 938,330.78

Alphabetical List of Entities' Financial Statements in Ministry 2007-08 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
Alberta Utilities Commission[3]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[4]	Environment
Credit Union Deposit Guarantee Corporation	Finance

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[1] Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

[2] Began operations January 1, 2008.

[3] Began operations July 1, 2007.

[4] Ministry includes only the departments so separate financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	***Ministry Annual Report***
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[3]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[4]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4]	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing

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[3] Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

[4] Ministry includes only the departments so separate departmental financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board[4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional Division No. 16	
East Central Francophone Education Region No. 3	

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[4] Ministry includes only the departments so separate departmental financial statements are not necessary.

[5] Ceased operations June 30, 2006.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Service Alberta
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Government Organization Changes 2008-09

Ministry	Program/Element/Entity Changes	Previous Location	New Location
Aboriginal Relations	< Aboriginal Governance, Consultation and Economic Development	< Former International, Intergovernmental and Aboriginal Relations	
	< First Nations Development Fund	< Former Tourism, Parks, Recreation and Culture	
Advanced Education and Technology	< no change		
Agriculture and Rural Development	< Rural Development	< Former Employment, Immigration and Industry	
Children and Youth Services (formerly Children's Services)	< Women's Issues	< Former Employment, Immigration and Industry	
Culture and Community Spirit	< Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship < Alberta Foundation for the Arts < Alberta Historical Resources Foundation < Government House Foundation < Historic Resources Fund < Human Rights, Citizenship and Multiculturalism Education Fund < Wild Rose Foundation	< Former Tourism, Parks, Recreation and Culture	
	< Community and Voluntary Services	< Former Municipal Affairs and Housing	
Education	< no change		
Employment and Immigration	< Francophone Secretariat	< Former Tourism, Parks, Recreation and Culture	
	< except Rural Development		< Agriculture and Rural Development
	< except Economic Development		< Finance and Enterprise, and International and Intergovernmental Relations
	< except Northern Alberta Development Council < except Alberta Economic Development Authority		< Finance and Enterprise
	< except Women's Issues		< Children and Youth Services
Energy	< no change		
Environment	< no change		
Executive Council	< no change		
Finance and Enterprise	< Regulatory Review Secretariat	< Service Alberta	
	< Economic Development, except Investment Attraction < Northern Alberta Development Council < Alberta Economic Development Authority	< Former Employment, Immigration and Industry	

Ministry	Program/Element/Entity Changes	Previous Location	New Location
Health and Wellness	< no change		
Housing and Urban Affairs	< Housing Services < Alberta Social Housing Corporation	< Former Municipal Affairs and Housing	
Infrastructure	< except Provincial Highway Systems and Safety	< Former Infrastructure and Transportation	< Transportation
International and Intergovernmental Relations	< except Aboriginal Governance, Consultation and Economic Development		< Aboriginal Relations
	< Investment Attraction	< Former Employment, Immigration and Industry	
Justice and Attorney General	< no change		
Municipal Affairs	< except Housing Services < except Alberta Social Housing Corporation		< Housing and Urban Affairs
	< except Community and Voluntary Services		< Culture and Community Spirit
Seniors and Community Supports	< no change		
Service Alberta	< except Regulatory Review Secretariat		< Finance and Enterprise
	< except Personnel Administration Office < except Aircraft Services		< Treasury Board
Solicitor General and Public Security	< no change		
Sustainable Resource Development	< no change		
Tourism, Parks and Recreation	< except First Nations Development Fund		< Aboriginal Relations
	< except Culture, Community Lottery Grants, Heritage, Human Rights and Citizenship < except Alberta Foundation for the Arts < except Alberta Historical Resources Foundation < except Government House Foundation < except Historic Resources Fund < except Human Rights, Citizenship and Multiculturalism Education Fund < except Wild Rose Foundation		< Culture and Community Spirit
	< except Francophone Secretariat		< Employment and Immigration
Transportation	< Provincial Highway Systems and Safety	< Former Infrastructure and Transportation	
Treasury Board	< Corporate Human Resources (formerly Personnel Administration Office) < Aircraft Services	< Service Alberta	

Note to Readers:

Copies of the annual report are available on the Alberta Sustainable Resource Development website at www.srd.alberta.ca or by contacting:

Alberta Sustainable Resource Development
Information Centre
Main Floor, 9920 - 108 Street
Edmonton, AB T5K 2M4

Phone: 780-944-0313 (Edmonton)
Toll-Free: 1-877-944-0313 (Rest of Alberta)
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